

**STATE OF CONNECTICUT
DEPARTMENT OF REVENUE SERVICES**

ANNUAL REPORT

FISCAL YEARS

2003-2004

and

2004-2005



M. Jodi Rell
Governor

Pam Law
Commissioner



A Message from the Commissioner:

Over the last several years, the Department of Revenue Services has been in the process of developing and implementing a new Integrated Tax Administration System (ITAS). ITAS is a multi-phased project that will provide for a data based-enabled family of integrated applications to support tax administration activities.

The first phase of ITAS became operational in January of 2004. While the phased-in approach to implementation was adopted to minimize any disruption in services to our customers, it had not-unexpected consequences on the Department. One of those consequences was that until Phase III was completed (which occurred in February of 2006), all the specific tax information required to compile the annual report could not be verified. On behalf of the Department, I apologize for the delay in the issuance of the 2003-04 Annual Report.

In fiscal year 2006-07, the Department will be focusing its attention on the last phase of the project. Phase IV will provide a new Customer Service System which will be integrated into ITAS. The system will provide for improved levels of accessibility and functionality to taxpayers and incorporate our commitment to meet the changing needs of Connecticut taxpayers.

Sincerely,

Pam Law
Commissioner of Revenue Services

TABLE OF CONTENTS

Table of Contents	1
Directory	2
Department Mission.....	3
Locations.....	4
 CONNECTICUT’S TAXES	
State Revenue Sources	6
Admissions and Dues Tax.....	8
Alcoholic Beverages Tax.....	10
Business Entity Tax	11
Cigarette Tax	12
Controlled Substances Tax	12
Controlling Interest Transfer Tax.....	13
Corporation Business Tax and Credits	14
Dry Cleaning Surcharge	28
Gift Tax.....	29
Income Tax	32
Insurance Premiums Tax.....	35
Motor Carrier Road Tax.....	38
Motor Vehicle Fuels Tax	39
Occupational Tax.....	40
Petroleum Companies Gross Earnings Tax	41
Public Service Companies Tax.....	42
Real Estate Conveyance Tax	44
Rental Surcharge.....	48
Repealed Taxes	49
Sales and Use Taxes	50
Solid Waste Tax.....	58
Succession and Estate Taxes	59
Tobacco Products Tax	63
Tourism Account Surcharge	64
Unrelated Business Taxable Income Tax.....	65
 TABLES, CHARTS & GRAPHS	
Real Estate Conveyance Tax By Town	66
Tax Refunds.....	74
Comparative Summary of Retail Sales and Tax Receipts by Town	75
Nationwide Comparison of Tax Rates	80

COMMISSIONER

PAM LAW

(860) 297-4900

Pam.Law@po.state.ct.us

DEPUTY COMMISSIONER

RICHARD D. NICHOLSON

(860) 297-5612

Richard.Nicholson@po.state.ct.us

EXECUTIVE ASSISTANT

DONNA POMEROY

(860) 297-5609

Donna.Pomeroy@po.state.ct.us

CHIEF OF STAFF

TINA LAWSON

(860) 297-5620

Tina.Lawson@po.state.ct.us

ADMINISTRATION DIVISION

KEVIN G. FORSA

(860) 297-5660

Kevin.Forsa@po.state.ct.us

LITIGATION DIVISION

LOUIS P. BUCARI JR.

(860) 297-5798

Louis.Bucari@po.state.ct.us

APPELLATE DIVISION

SCOT R. ANDERSON

(860) 297-4773

Scot.Anderson@po.state.ct.us

OPERATIONS DIVISION

EDWARD H. MEHMEL

(860) 297-4800

Ed.Mehmel@po.state.ct.us

AUDIT DIVISION

COLLECTIONS & ENFORCEMENT DIVISION

JOSEPH THOMAS

(860) 541-4501

Joseph.Thomas@po.state.ct.us

RESEARCH UNIT

SUSAN B. SHERMAN

(860) 297-5693

Susan.Sherman@po.state.ct.us

COMMUNICATIONS OFFICE

SARAH KAUFMAN

(860) 297-5610

Sarah.Kaufman@po.state.ct.us

INTERNAL AUDIT

CHERYL A. BURDICK

(860) 297-5991

Cheryl.Burdick@po.state.ct.us

DIVERSITY & EQUITY

PENNY POTTER

(860) 297-5708

Penny.Potter@po.state.ct.us

TAXPAYER ADVOCATE OFFICE

CLARA CRAWFORD

(860) 297-5603

Clara.Crawford@po.state.ct.us

INFORMATION SERVICES DIVISION

RÉAL LAVIGNE

(860) 297-5630

Real.Lavigne@po.state.ct.us

TAXPAYER SERVICES DIVISION

ELAINE LEON

(860) 297-4922

Elaine.Leon@po.state.ct.us

LEGAL DIVISION

FELICIA S. HOENIGER

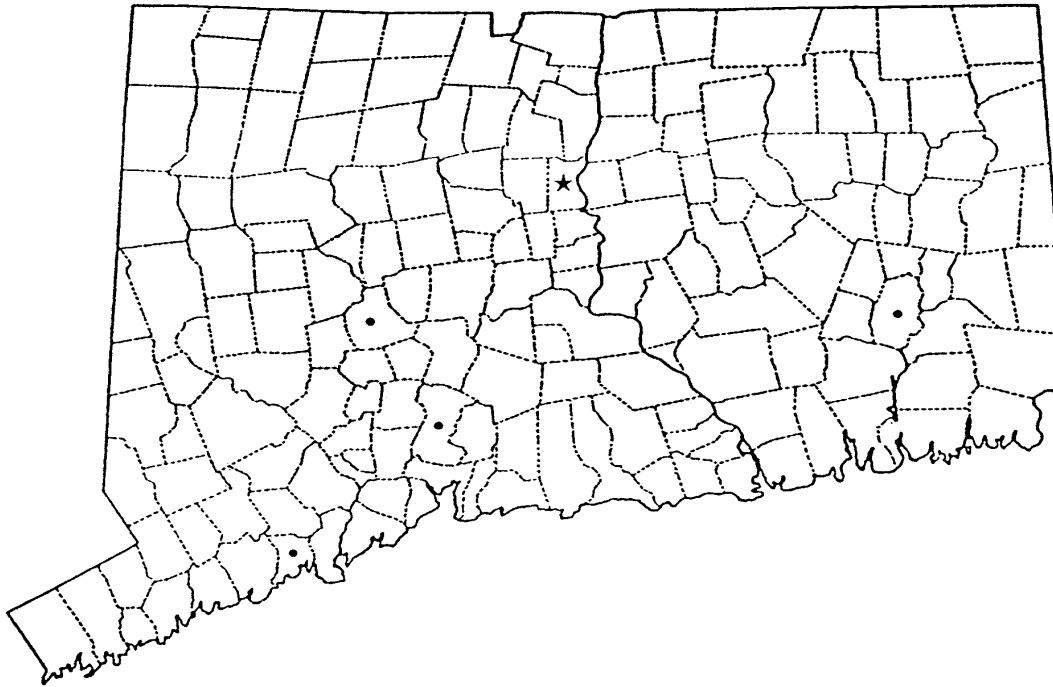
(860) 297-5779

Felicia.Hoeniger@po.state.ct.us

DEPARTMENT MISSION

*The Mission
of the
Connecticut Department of Revenue Services
is to administer the tax laws of the State of Connecticut
and collect the tax revenues in the most cost effective manner;
achieve the highest level of voluntary compliance
through accurate, efficient and courteous customer service;
and perform in a manner which instills public confidence in the
integrity and fairness of the state's tax programs.*

DEPARTMENT OF REVENUE SERVICES LOCATIONS



MAIN OFFICE

25 Sigourney Street
Hartford, Connecticut 06106
Phone: (860) 297-5962
1-800-382-9463 (In-state only)
TDD/TT (860) 297-4911
www.ct.gov/drs

FIELD OFFICES

BRIDGEPORT REGIONAL OFFICE

10 Middle Street
Bridgeport, Connecticut 06601
Phone: (860) 579-6251

NORWICH REGIONAL OFFICE

2 Cliff Street
Norwich, Connecticut 06360
Phone: (860) 889-2669

NEW HAVEN REGIONAL OFFICE

3074 Whitney Avenue, Bldg. #2
Hamden, Connecticut 06517
Phone: (203) 287-8243

WATERBURY REGIONAL OFFICE

55 West Main Street, Suite 100
Waterbury, Connecticut 06702
Phone: (203) 805-6789

CONNECTICUT'S TAXES

*The Department collected
over \$11.5 billion in revenue
for fiscal year 2004-05.*

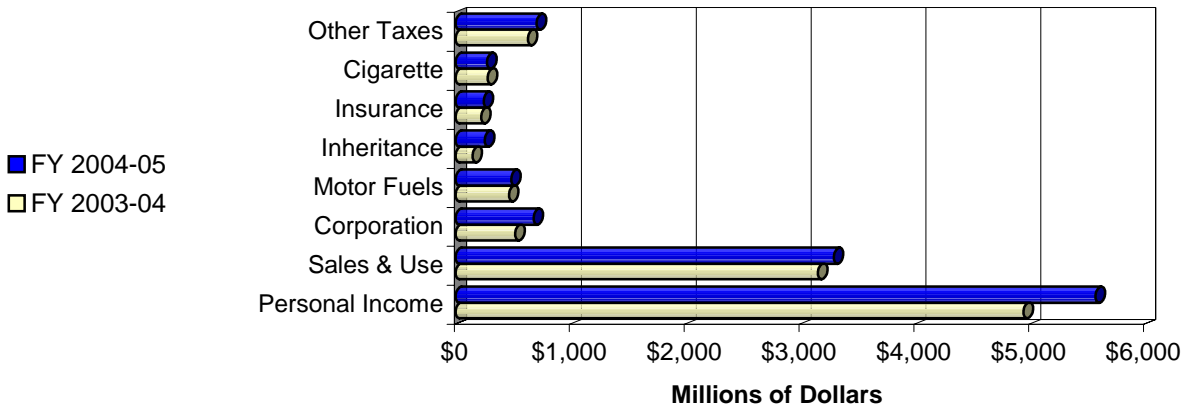
*83% of collections
was attributable to the Income Tax,
Corporation Business Tax and
Sales and Use Tax.*

*For fiscal year 2003-04, \$10.4 billion was collected.
Again, 83% was attributable to Income,
Corporation Business and Sales and Use Taxes.*

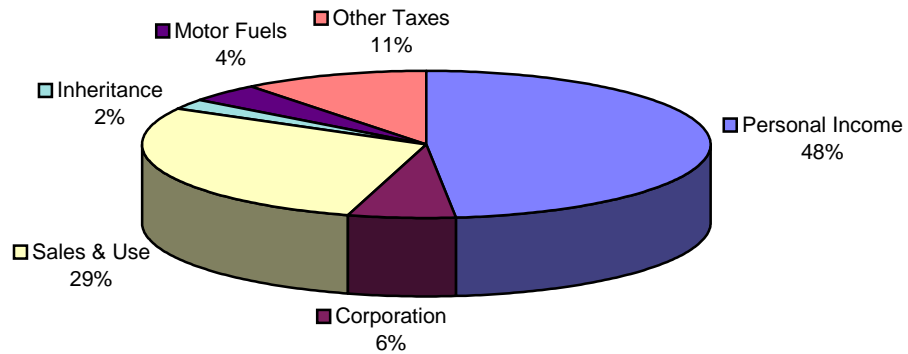
State Revenue Sources

Tax Type & Citation	Fiscal Year Ending		
	June 30, 2003	June 30, 2004	June 30, 2005
Admissions & Dues Tax <i>Ch. 225</i>	\$ 31,666,187	\$ 31,649,518	\$ 31,653,550
Alcoholic Beverages Tax <i>Ch. 220</i>	42,490,673	44,026,280	44,236,073
Business Entity Tax <i>Ch. 213a</i>	24,071,137	35,618,029	31,444,051
Cigarette Tax <i>Ch. 214</i>	251,769,548	275,908,244	270,322,117
Community Antenna TV Systems Cos. <i>Ch. 211</i>	45,516,270	38,492,786	41,173,821
Connecticut Estate Tax <i>Ch. 217</i>	111,823,742	83,135,828	179,371,121
Controlled Substances <i>Ch. 228d</i>	153,377	120,578	58,999
Controlling Interest Transfer <i>Ch. 228b</i>	1,907,508	1,966,209	8,438,105
Corporation Business Tax <i>Ch. 208 & 209</i>	482,973,898	481,382,297	646,327,341
Dry Cleaners Surcharge <i>Ch. 211b</i>	933,624	800,948	753,380
Electric and Power Companies <i>Ch. 212</i>	31,408,143	28,426,666	47,351,605
Fiduciary Estate Tax <i>Ch. 218a</i>	3,079	98	0
Gas Companies <i>Ch. 212</i>	43,258,247	48,063,793	40,765,703
Gas and Electric Companies <i>Ch. 212</i>	77,699,345	80,388,880	69,425,848
Gift Tax <i>Ch. 228c</i>	27,334,616	24,315,810	27,772,988
Hazardous Waste Tax <i>Ch. 445</i>	10,745	186	(178,776)
Health Care Centers <i>Ch. 207</i>	42,021,943	42,410,695	45,169,057
Hospital Gross Earnings <i>Ch. 211a</i>	0	0	10,134
Income Tax <i>Ch. 229</i>	4,263,114,531	4,943,298,950	5,570,692,650
Insurance Companies, Domestic <i>Ch. 207</i>	32,722,397	33,867,965	36,455,232
Insurance Companies, Foreign <i>Ch. 207</i>	151,041,950	140,282,729	156,532,591
Motor Carrier Road Tax <i>Ch. 222</i>	11,756,924	12,875,278	13,238,534
Motor Vehicle Fuels Tax <i>Ch. 221</i>	446,537,641	451,903,729	470,846,222
Nursing Home Provider Tax <i>Ch. 228f</i>	514	0	0
Occupational Tax <i>Ch. 876</i>	6,014,636	6,007,724	6,402,371
Petroleum Products Tax <i>Ch. 227</i>	125,451,235	139,895,375	179,047,466
Railroad Companies <i>Ch. 210</i>	77,716	272,510	102,234
Real Estate Conveyance Tax <i>Ch. 223</i>	147,410,832	174,775,490	199,193,074
Rental Surcharge <i>Ch. 228h</i>	110,498	502,588	312,918
Sales and Use Taxes <i>Ch. 219</i>	3,091,365,923	3,153,518,556	3,291,372,489
Solid Waste <i>Ch. 446d</i>	2,440,962	2,912,413	3,384,607
Succession Tax <i>Ch. 216</i>	72,493,562	64,273,781	74,536,836
Tire Fee <i>Ch. 446d</i>	1,692	5,076	3,686
Tobacco Products <i>Ch. 214a</i>	4,569,548	3,966,136	3,793,951
Tourism Tax <i>Ch. 228e</i>	4,433,561	4,513,367	4,670,440
Unauthorized Insurers <i>Ch. 698d</i>	3,697,812	5,857,953	5,954,383
Unrelated Business Income Tax <i>Ch. 208a</i>	903,944	1,007,944	867,828
Water Companies <i>Ch. 212</i>	0	14,892	0
Total	\$9,579,187,960	\$10,356,459,301	\$11,501,502,628

Department of Revenue Services Tax Receipts FY 2003-04 and FY 2004-05



PERCENTAGE OF TAX RECEIPTS FY 2004-05



ADMISSIONS AND DUES TAX

Revenue	
FY 2002-03	\$ 31,666,187
2003-04	31,649,518
2004-05	31,653,550

Exemptions

Admissions charges:

- under \$1;
- of a non-profit organization;
- to motion pictures not more than \$5.00;
- to live performances at non-profit theaters or playhouses, Gateway Candlewood Playhouse, and Ocean Beach Park;
- to sporting or athletic activities in which patrons participate;
- to any carnival or to any amusement ride;
- to cabarets;
- to home games of the:
 - New Britain Rock Cats,
 - New Haven Ravens, and
 - Waterbury Spirit;
- to any event at the:
 - Hartford Civic Center,
 - New Haven Coliseum,
 - Connecticut Exposition Center,
 - New Britain Beehive Stadium,
 - New Britain Stadium,
 - New Britain Veterans Memorial Stadium,
 - Bridgeport Harbor Yard Stadium,
 - Stafford Motor Speedway,
 - Lime Rock Park,
 - Thompson Speedway,
 - Waterford Speedbowl,
 - Tennis Foundation of Connecticut or any successor organization, and
 - William A. O'Neill Convocation Center.

Dues:

- Annual dues under \$100;
- Lawn Bowling Clubs;
- Locker Rental Fees;
- Additional charges used to acquire open space land;
- Dues of a charitable, religious, governmental or non-profit educational institution; and
- Dues of any society, order or association operating under the lodge system or local fraternal organizations among students of a college or university.

ADMISSIONS AND DUES TAX (cont.)

Number of Taxpayers / Filing Frequency

Admissions	134 taxpayers / Monthly
Dues	413 taxpayers / Monthly

Basis and Rate

Admissions	6% of the admissions charge to motion picture shows. 10% of the admission charge to any other place of amusement, entertainment, or recreation.
Dues	10% of membership dues or initiation fees to any social, athletic or sporting club organization.

Comparative Data

Tax Due	FY 2002-03	FY 2003-04	FY 2004-05
Motion Picture Admissions	\$5,186,747	\$5,046,837	\$5,127,875
Other Admissions	6,081,062	7,091,430	5,222,836
Dues	20,398,378	19,511,251	21,302,839
Total	\$ 31,666,187	\$ 31,649,518	\$ 31,653,550

ALCOHOLIC BEVERAGES TAX

A tax is imposed on all distributors of alcoholic beverages on the sale of alcoholic beverages within Connecticut. Distributors must report the total number of gallons of each alcoholic beverage sold during the month, the opening and closing inventories and the amount of tax due. Sales of alcoholic beverages are also subject to the Sales and Use Tax.

Revenue	
FY 2002-03	\$42,490,673
2003-04	44,026,280
2004-05	44,236,073

Exemption

Sales of malt beverages which are consumed on the premises of an establishment covered by a manufacturer's permit.

Number of Taxpayers/Filing Frequency

100 distributors/ Monthly

Basis and Rate

Beer	\$6.00 per barrel (31 gallons)
Beer	20¢ per gallon
Still Wines	60¢ per gallon
Small Wineries	15¢ per gallon
Sparkling Wines	\$1.50 per gallon
Alcohol	\$4.50 per proof gallon
Distilled Liquor	\$4.50 per gallon
Liquor Coolers	\$2.05 per gallon

Comparison of Gallonage

TYPE	FY 2002-03 (gallons)	FY 2003-04 (gallons)	FY 2004-05 (gallons)
Beer - barrels	196,271	197,019	189,230
Beer - gallons	52,456,337	53,109,658	52,707,822
Still Wine	10,719,527	11,232,569	11,201,554
Small Wineries	74,381	99,586	95,586
Sparkling Wine	390,493	401,022	365,922
Distilled Liquor	5,143,307	5,423,026	5,418,496
Liquor Cooler	70,968	47,740	36,138
Alcohol	43,299	40,210	38,623

BUSINESS ENTITY TAX

For taxable years beginning on or after January 1, 2002, the following business entities are subject to an annual Business Entity Tax if they are required to file an annual report with the Connecticut Secretary of the State:

- *S corporations;*
- *Limited liability companies (LLCs), including single member limited liability companies (SMLLCs);*
- *Limited liability partnerships (LLPs); and*
- *Limited partnerships (LPs).*

Revenue	
FY 2002-03	\$24,071,137
2003-04	35,618,029
2004-05	31,444,051

Exemptions

- LLCs and SMLLCs that have elected to be taxed as a corporation for federal tax purposes; and
- Any domestic LP that is not formed under Chapter 610 of the Connecticut General Statutes.

Number of Taxpayers/Filing Frequency

125,700 Entities/ Annually

Basis and Rate

For taxable years beginning on or after January 1, 2003, and prior to January 1, 2004, the Business Entity Tax is \$300. For taxable years beginning on or after January 1, 2004, the Business Entity Tax is \$250.

CIGARETTE TAX

An excise tax is imposed on all cigarettes sold in Connecticut. Payment is indicated by affixing stamps or heat applied decals to each pack of cigarettes. The stamps are sold to licensed dealers and licensed distributors. Sales of cigarettes are also subject to the Sales and Use Tax.

Revenue	
FY 2002-03	\$251,769,548
2003-04	275,908,244
2004-05	270,322,117

Exemptions

- Sales or purchases at military bases; and
- Cigarettes sold to any state institution other than a correctional institution.

Number of Taxpayers/ Filing Frequency

46 taxpayers/ Monthly

Basis and Rate

75½ mills per cigarette, or \$1.51 per pack of twenty.

CONTROLLED SUBSTANCES TAX

A tax is levied on marijuana and controlled substances which creates an economic burden on drug dealers. Payment of the tax is indicated by the affixing of stamps to the marijuana or controlled substance. The tax is due and payable immediately upon acquisition or possession of the drug in Connecticut by a dealer.

Revenue	
FY 2002-03	\$153,377
2003-04	120,578
2004-05	58,999

Basis and Rate

\$3.50 per gram of marijuana;
\$200 per gram of controlled substance; and
\$2,000 per 50-dosage unit of controlled substance not sold by weight.

CONTROLLING INTEREST TRANSFER TAX

A tax is imposed on the transfer of a controlling interest in a corporation, partnership, association, trust or other entity, where an entity owns an interest, directly or indirectly, in Connecticut real property with a value of at least \$2,000. In a corporation, "controlling interest" means more than 50% of the combined voting power of all classes of stock in the corporation. For all other entities, "controlling interest" is an amount greater than 50% of the capital, profits or beneficial interest in that entity.

Revenue	
FY 2002-03	\$1,907,508
2003-04	1,966,209
2004-05	8,438,105

Exemptions

- Sales or transfers that effectuate a mere change of identity or form of ownership or organization where there is no change in the beneficial ownership of the entity;
- Sale or transfer of a controlling interest in any entity which possesses an interest in real property located in an enterprise zone;
- Transfers of land resulting from eminent domain proceedings;
- Mortgage deeds;
- Deeds to or by the United States of America, State of Connecticut or any political subdivision or agency thereof;
- Tax deeds;
- Deeds releasing any property which is a security for a debt or other obligation; and
- Deeds to any corporation, trust or other entity, of land to be held in perpetuity for educational, scientific, aesthetic or other equivalent passive uses (pending determination by the Internal Revenue Service).

Filing Frequency / Number of Taxpayers

The month following the month in which the transfer was made.

22 transfers in FY 2003-04

36 transfers in FY 2004-05

Basis and Rate

1.11% on the sale or transfer of a controlling interest. Also, an additional tax not to exceed 10% on the value of open space land, farmland and forestland, depending on the holding period, may be levied.

CORPORATION BUSINESS TAX

A corporation carrying on or doing business in Connecticut is subject to the Corporation Business Tax. Most corporations in Connecticut must file returns and pay corporation business tax although some corporations are exempt.

Corporations must calculate their tax under two alternative methods and remit the higher tax. If a corporation owes less than \$250 under both methods, it pays the minimum tax of \$250.

Revenue	
FY 2002-03	\$482,973,898
2003-04	481,382,297
2004-05	646,327,341

Basis and Rate

Net Income Base Method

The method under which most Corporation Business Tax revenue is derived is the Net Income Base. Corporations compute their Connecticut Net Income by applying the adjustments allowed or required by Connecticut law to the federal taxable income of the corporation. Additions to the base include interest income wholly exempt from federal tax and unallowable deductions for corporation or franchise taxes paid to other states. Deductions from the federal base include 70% of the dividends received from domestic corporations in which ownership is less than 20% and capital loss carryover, if not deducted in computing federal capital gain.

Corporations are required to compute depreciation on their property without the bonus depreciation deduction allowed for federal tax purposes. For property placed in service after September 10, 2001, an additional 30% or 50% first-year deduction is allowed for federal purposes but not for the Connecticut Corporation Business Tax.

Connecticut uses an apportionment method to determine the portion of income taxable in the state. This method isolates what percentage of a corporation's economic activity takes place in Connecticut. Three factors: sales, payroll and property compare Connecticut to the nation to arrive at this percentage. The sales factor is double weighted.

CORPORATION BUSINESS TAX (cont.)

Special single-factor apportionment rules are currently provided for financial service companies, manufacturers and broadcasters.

Connecticut Net Income is taxed at the rate of 7.5%.

Capital Base Method

The second and alternate method corporations must compute their tax under is the Capital Base. The capital base is the total value of the average capital stock, surplus and undivided profits, and surplus reserves, less the average values of deficits and stockholdings in private corporations. Multi-state corporations multiply their capital base by an apportionment fraction.

The capital base is taxed at a rate of 3.1 mils (\$0.0031) per dollar. Under the capital base method, a corporation is limited to a maximum tax of \$1,000,000. Financial service companies are excluded from the capital base method.

Minimum Tax

If a corporation's calculation of the tax is less than \$250 under both of the two previous methods, it pays a minimum tax, which is currently \$250. The majority of corporations pay the minimum tax.

Surtax

Effective for the 2003 income year all corporations must pay a surtax in an amount equal to 20% of the tax due before credits are applied. The surtax increases to 25% for the 2004 income year. Corporations paying the minimum tax of \$250 are subject to the surtax in income year 2003, but are not subject in 2004. No surtax is due for income year 2005.

Combined Returns/Preference Tax

If a corporation is permitted to file a federal consolidated return, it may file a combined return in Connecticut. Filing a combined return allows a group of corporations engaged in business in Connecticut to file jointly. Their combined Connecticut tax liability is determined after each corporation individually apportions its income to Connecticut.

CORPORATION BUSINESS TAX (cont.)

A preference tax is imposed on corporations filing a combined return. These corporations are not entitled to the first \$250,000 of tax savings over what they would pay if they file separately. Combined filers must determine the total tax due as if they were filing separately. The difference, up to \$250,000, between this amount and the total combined tax is the preference tax and must be added to the total combined tax. For income years commencing prior to January 1, 2003, the maximum preference tax had been \$25,000.

The total amount due for **income year 2002** combined filers had they filed separate single returns would have been \$329.2M. The preference tax due by these filers was **\$7.8M**. The total tax due by combined filers was \$148.3M, including the \$7.8M in preference tax.

The total amount due for **income year 2003** combined filers had they filed separate single returns would have been \$406.4M. The preference tax due by these filers was **\$34.6M**. The total tax due by combined filers was \$211.0M, including the \$34.6M in preference tax.

Exemptions

- Cooperative housing corporations;
- Homeowners associations;
- Domestic international sales corporations;
- Insurance companies;
- Certain political organizations or associations exempt from federal income taxes under §527 of the Internal Revenue Code;
- Railroad companies subject to the gross earnings tax;
- Companies whose corporate headquarters are located in the insurance and financial services export zone in the City of Hartford and are conducting all of their business outside the United States;
- Connecticut passive investment companies formed by financial service companies to hold and manage loans secured by real property;
- Non-United States corporations whose sole activity conducted in Connecticut is the trading of stocks, commodities and securities; and
- Subchapter S corporations.

Filing Frequency

Annually with four estimated installments.

CORPORATION BUSINESS TAX (cont.)

Number of Taxpayers

2002 Corporation Business Tax Returns

	Number of Taxpayers	Tax Due Before Credits	Tax Due After Credits
Single Filers			
Net Income	9,252	\$136,138,147	\$121,573,741
Capital Base	5,516	32,136,509	21,896,245
Minimum Tax	31,535	7,197,275	7,122,429
Combined Filers			
Net Income	291	105,427,610	66,713,483
Capital Base	431	39,644,591	19,820,284
Minimum Tax	432	3,226,403	2,163,323
Total	47,457	\$ 323,770,535	\$ 239,289,505

2003 Corporation Business Tax Returns

	Number of Taxpayers	Tax Due Before Credits	Tax Due After Credits
Single Filers			
Net Income	8,547	\$170,924,571	\$151,804,738
Capital Base	5,246	35,974,062	25,916,601
Minimum Tax	29,389	8,065,815	7,939,563
Combined Filers			
Net Income	292	124,651,533	88,772,976
Capital Base	383	48,173,579	26,090,405
Minimum Tax	398	14,025,909	8,630,110
Unitary Filers			
Net Income	10	1,801,734	1,447,828
Capital Base	5	781,835	701,352
Minimum Tax	7	109,800	109,100
Total	44,277	\$404,508,838	\$311,412,673

CORPORATION BUSINESS TAX CREDITS

The State of Connecticut offers many Corporation Business Tax credits which a corporation may take advantage of to reduce its liability to the state. Effective for income years beginning on or after January 1, 2002, the amount of tax credits allowable cannot exceed 70% of the amount of tax due or reduce the amount of tax to less than \$250.

Apprenticeship Training

Reference: Conn. Gen. Stat. §12-217g as amended by P.A. 06-174

A corporation that hires apprentices in the manufacturing or plastics trades may apply for a credit of up to \$4,800 per apprenticeship. The amount of the credit is computed by multiplying the total number of apprentice work hours by \$4. The credit may not exceed 50% of the actual wages paid or \$4,800, whichever is less.

Corporations that hire apprentices in the construction trades may apply for a credit of up to \$4,000 per apprenticeship completed. The amount of the credit is computed by multiplying the total number of apprentice work hours by \$2. The credit may not exceed \$4,000 or 50% of the actual wages paid over the first four years of the apprenticeship, whichever is less.

Clean Alternative Fuels

Reference: Conn. Gen. Stat. §12-217i

The Clean Alternative Fuels credit enables a business to claim a credit for its expenditures on vehicles, equipment and filling stations that enable use of clean alternative fuel. This credit is not available for income years commencing on or after January 1, 2008. Unused credit may be carried forward for three years.

A 10% credit is allowed for the incremental cost of purchasing vehicles exclusively powered by clean alternative fuels.

A 50% credit is available for the expenses of equipment used in a compressed natural gas, liquefied petroleum gas or liquefied natural gas filling or electric recharging station and the purchase of equipment needed to convert a vehicle to clean alternative fuel. The credit also applies to amounts spent directly on the construction of any filling station or improvements to any existing filling station in order to provide compressed natural gas, liquefied petroleum gas or liquefied natural gas.

CORPORATION BUSINESS TAX CREDITS (cont.)

Computer Donation

Reference: Conn. Gen. Stat. §10-228b

A corporation business tax credit is available for the donation of new or used computers to a local or regional board of education or a public school. The amount of the credit shall not exceed 50% of the fair market value at the time of donation.

The amount of credit granted to any business firm cannot exceed \$75,000 annually. The total amount of credits allowed in any fiscal year is capped at \$1 million.

Effective for the 2006 income year, the credit has been expanded to include gifts of computers to non-public schools. (2006 Conn. Pub. Acts 145)

Displaced Workers Hired By Electric Suppliers

Reference: Conn. Gen. Stat. §12-217bb

Electric suppliers who hire workers displaced by the restructuring of the electric industry may claim a credit of \$1,500 for each displaced worker employed at least 6 months.

Donation of Open Space Land

Reference: Conn. Gen. Stat. §12-217dd

This credit is available in an amount equal to 50% of the use value of the donation of land to be permanently preserved as protected open space. Donations of land must be made to the state, a political subdivision of the state, or a nonprofit land conservation organization and may include any discount in the sales price. Effective with the passage of 2004 Conn. Pub. Acts 200, unused credit may be carried forward until fully used for up to fifteen years.

Electronic Data Processing Equipment

Reference: Conn. Gen. Stat. §12-217t

The Electronic Data Processing Equipment Property Tax credit provides a 100% credit for property tax owed and paid on electronic data processing equipment. Unused credits may be carried forward for five succeeding income years.

CORPORATION BUSINESS TAX CREDITS (cont.)

Employer Assisted Housing

Reference: Conn. Gen. Stat. §12-217p

This credit is based on monies paid to a revolving loan fund for employer assisted housing. This fund must be established and maintained by the corporation for five years and provide revolving loans for housing to its low and moderate income employees. The program is administered by the Connecticut Housing Finance Authority and is capped at \$1 million per year. The credit is limited to \$100,000 annually per business firm and may be carried back or forward for five years.

Effective June 7, 2006, the credit is repealed. (2006 Conn. Pub. Acts 189)

Enterprise Zone or Entertainment District

Reference: Conn. Gen. Stat. §12-217e

The Enterprise Zone or Entertainment District Credit allows a business credit of 50% of its allocable tax for operating a manufacturing facility which meets certain employment criteria and is located within a designated enterprise zone or other area designated as having enterprise zone level benefits. Certification is required from the Department of Economic and Community Development. Corporations may claim this credit for 10 years beginning with the first year following the year of certification.

Enterprise Zone Credit For Qualifying Corporations

Reference: Conn. Gen. Stat. §12-217v

A credit is allowed to any qualifying corporation created on or after January 1, 1997 which hires at least 150 local employees qualifying under the Job Training Partnership Act to work within a designated Enterprise Zone. This credit is 100% of the corporation's tax liability for its first three years and 50% of its liability for the next seven.

Financial Institutions

Reference: Conn. Gen. Stat. §12-217u

This credit is available to financial institutions that construct a new facility of at least 900,000 square feet and create a minimum of 1,200 new jobs. Each company must obtain an eligibility certificate from the Department of Economic and Community Development in order to claim this credit. Credit levels of 30%, 40% or 50% for years one through ten and 25% for years eleven through

CORPORATION BUSINESS TAX CREDITS (cont.)

fifteen are based on the number of qualified employees. This credit may be taken for up to fifteen years.

Fixed Capital Investments

Reference: Conn. Gen. Stat. §12-217w

This credit is based on the amounts paid or incurred for any new tangible personal property that has a class life of more than four years, is not sold or leased within 12 months, and will be held and used in Connecticut for at least five years. Inventory, land, buildings and mobile transportation equipment are not included. The percentage of credit is 5% for income years beginning on or after January 1, 2000. Unused credits may be carried forward for five succeeding income years.

Hiring Incentive

Reference: Conn. Gen. Stat. §12-217y

This credit is available to companies that hire recipients of the Temporary Family Assistance (TFA) program. The employees must have been receiving TFA benefits for at least 9 months and have worked at least 30 hours per week to qualify. A corporation may claim a credit of \$125 for each full month that the worker is employed. Unused credits may be carried forward for five succeeding income years.

Historic Homes Rehabilitation

Reference: Conn. Gen. Stat. §10-320j

The Connecticut Commission on Culture and Tourism may allocate up to \$3 million in vouchers for this credit during any fiscal year. Owners of historic homes must incur qualified rehabilitation expenditures that exceed \$25,000 in order to qualify. After the work is performed and verified, a tax credit is allowed for 30% of the qualified rehabilitation expenditures. The credit is limited to \$30,000 per dwelling. Unused credits may be carried forward for four succeeding income years.

CORPORATION BUSINESS TAX CREDITS (cont.)

Housing Program Contribution

Reference: Conn. Gen. Stat. §8-395

This tax credit program enables corporations to contribute to housing programs that benefit low and moderate income individuals and families. These programs are sponsored, developed or managed by nonprofit corporations and must be approved by the Connecticut Housing Finance Authority. The credit is the amount of the contribution, not to exceed \$75,000 per business. Unused credits may be carried back to the five preceding income years and forward for five succeeding income years.

Human Capital Investments

Reference: Conn. Gen. Stat. §12-217x

The Human Capital Investments credit is based on the amounts paid or incurred for various job training and work education programs, child care subsidies to Connecticut employees, day care facility establishment costs and donations to institutions of higher education for improvements to technology. The percentage of credit is 5% of the expenditures in income years beginning on or after January 1, 2000. Unused credits may be carried forward for five succeeding income years.

Insurance Reinvestment Fund

Reference: Conn. Gen. Stat. §38a-88a

A credit may be applied against the corporation business tax for investments made through a registered fund manager. These investments must be specifically earmarked for insurance businesses incorporated in Connecticut that occupy new facilities and create new jobs. The credit is 10% of amounts invested in qualified insurance businesses, beginning 3 years but not later than 7 years from the date of investment. For years 7 through 10, the credit increases to 20% of the invested amounts. Unused credits may be carried forward for five succeeding income years or assigned to another taxpayer.

Managers of eligible funds must have registered with the Commissioner of Economic and Community Development by July 1 2000 in order for their investors to be able to claim this credit. No further credits will be allowed for investments in funds created on or after July 1, 2000.

CORPORATION BUSINESS TAX CREDITS (cont.)

Machinery and Equipment

Reference: Conn. Gen. Stat. §12-217o

This credit is based upon the incremental increase in expenditures for machinery and equipment acquired for and installed in Connecticut. The rate of credit is either 5% or 10% depending on the number of full time employees in Connecticut.

Manufacturing Facility in a Targeted Investment Community

Reference: Conn. Gen. Stat. §12-217e

A credit of 25% may be applied against the portion of the Corporation Business tax allocable to a manufacturing facility located in a targeted investment community. The Commissioner of Economic and Community Development must certify that the facility is operating in a designated area of high unemployment. The credit period lasts for ten years beginning with the first year following certification.

Neighborhood Assistance Act Program

Reference: Chapter 228a of the Conn. Gen. Stat. as amended by P.A. 03-225

The Connecticut Neighborhood Assistance Act tax credit program is designed to provide funding for municipal and non-profit organizations.

Businesses are granted a tax credit for contributing to certain programs approved by the Department of Revenue Services. Effective for income years beginning on or after January 1, 2003 all cash contributions made pursuant to the Neighborhood Assistance Act are eligible for a credit of 60% of the amount contributed. Unused credits may be carried back to the two preceding income years.

The program has several statutory limits. A business is limited to receiving \$75,000 in tax credit annually. A non-profit organization is limited to receiving \$150,000 in contributions in the aggregate. Also, a business' total charitable contributions must equal or exceed its prior year amount. The minimum contribution on which credit can be granted is \$250. The program has a \$5M cap, which if exceeded, results in proration of approved donations.

CORPORATION BUSINESS TAX CREDITS (cont.)

Research and Development Expenditures

Reference: Conn. Gen. Stat. §12-217n

A credit may be applied against the Corporation Business Tax for expenses of research and development conducted in Connecticut.

The amount allowed as credit increases ratably from 1% of the annual research and development expenses paid or incurred, where such expenses equal \$50 million or less, to 6% where expenses exceed \$200 million. The 6% credit is extended to qualified small businesses with a gross income that does not exceed \$100 million.

Qualified small businesses may exchange unused amounts of this credit with the state for a cash payment of 65% of the value of the credit or carry these amounts forward at full value. Credit refunds are limited to \$1.5 million in any one income year. Unused credits may be carried forward until fully taken.

Research and Development Grants to Institutions of Higher Education

Reference: Conn. Gen. Stat. §12-217l

This credit is available for 25% of the incremental increase in amounts spent by a corporation for a qualifying grant or combination of grants to any institution of higher education in Connecticut for the purposes of research and development related to advancements in technology.

Research and Experimental Expenditures

Reference: Conn. Gen. Stat. §12-217j

This is a tax credit based on the incremental increase in expenditures for research and experiments conducted in Connecticut. The amount of the credit equals 20% of the amount spent by the corporation directly on research and experimental expenditures that exceeds the amount spent in the preceding income year. Unused credits may be carried forward for fifteen succeeding income years.

Qualified small businesses may exchange unused amounts of this credit with the state for a cash payment of 65% of the value of the credit or carry these amounts forward at full value. Credit refunds are limited to \$1.5 million in any one income year.

CORPORATION BUSINESS TAX CREDITS (cont.)

Service Facility

Reference: Conn. Gen. Stat. §12-217e

This credit is available to companies with a service facility located in a Connecticut targeted investment community which hire new employees and have an eligibility certificate issued by the Commissioner of Economic and Community Development. The credit is based on the portion of tax allocable to such facility and the number of new employees working there. Credit percentages range from 15% to 50% depending on the number of new employees. The credit period is ten years.

Small Business Guaranty Fee

Reference: Conn. Gen. Stat. §12-217cc

Small businesses with less than \$5 million in gross receipts may claim this credit equal to the amount paid to the federal Small Business Administration as a guaranty fee to obtain guaranteed financing during the income year. Unused credits may be carried forward for four succeeding income years.

Traffic Reduction Programs

Reference: Conn. Gen. Stat. §12-217s

This is a 50% credit for traffic reduction program expenses related to the attainment of federal Clean Air Act standards. This credit is available for corporations employing 100 or more people located in a severe non-attainment area. The credit cannot exceed \$250 per participating employee.

Urban or Industrial Site Investment

Reference: Conn. Gen. Stat. §32-9t

This credit is available for investments in eligible urban reinvestment projects and industrial site investment projects. Investments may be made directly or through a registered fund manager and must be certified by the Commissioner of Economic and Community Development. The credit is 10% of the qualified investments, beginning 4 years but not later than 7 years from the date of investment. For years 8 through 10, the credit increases to 20% of the invested amounts. Unused credits may be carried forward for five succeeding income years or assigned to another taxpayer.

CORPORATION BUSINESS TAX CREDITS (cont.)

The tables below show the number of corporation tax credits claimed and the amounts taken for each of the corporation credit programs utilized by businesses. The figures represent credit claimed on 2002 and 2003 returns and reflect any credits carried forward from prior years and used in 2002 or 2003.

Credit Claimed on 2002 Corporation Returns

Type of Credit	Number of Credits	Amount of Credit Claimed
Apprenticeship Training	23	\$ 244,668
Child Day Care	2	5,670
Clean Alternative Fuels	2	8,817
Computer Donation	1	22,551
Displaced Electric Worker	1	892
Donation of Open Space Land	5	334,414
Electronic Data Processing	1,908	12,955,763
Employer Assisted Housing	4	101,331
Financial Institutions	3	1,741
Fixed Capital	2,543	37,064,650
Hiring Incentive	5	252,452
Historic Homes Rehabilitation	2	209,497
Housing Program Contribution	24	2,731,744
Human Capital	167	2,078,714
Insurance Reinvestment	2	36,550
Machinery and Equipment	277	2,349,047
Manufacturing Facility in Targeted Investment Community or Enterprise Zone	10	467,145
Neighborhood Assistance	97	1,232,322
Research & Development	129	1,980,787
Research & Experimental Expenditures	121	22,382,442
SBA Guaranty Fee	1	297
Traffic Reduction	3	19,536
Total	5,330	\$ 84,481,030

CORPORATION BUSINESS TAX CREDITS (cont.)

Credit Claimed on 2003 Corporation Returns

Type of Credit	Number of Credits	Amount of Credit Claimed
Air Pollution Abatement	3	19,200
Apprenticeship Training	9	1,198,990
Child Day Care	1	7,867
Clean Alternative Fuels	8	75,536
Displaced Electric Worker	1	93
Donation of Open Space Land	90	184,782
Electronic Data Processing	2,454	19,896,275
Employer Assisted Housing	3	16,334
Financial Institutions	15	100,762
Fixed Capital	3,793	48,915,004
Hiring Incentive	6	3,941
Historic Homes Rehabilitation	4	541,772
Housing Program Contribution	26	3,762,045
Human Capital	180	1,323,432
Insurance Reinvestment	4	334,040
Machinery and Equipment	265	1,529,827
Manufacturing Facility in Targeted Investment Community or Enterprise Zone	50	400,245
Neighborhood Assistance	94	1,395,880
Research & Development	122	3,430,736
Research & Experimental Expenditures	126	9,811,504
Research & Development Grants	1	2,042
SBA Guaranty Fee	6	3,101
Traffic Reduction	5	142,757
Total	7,266	\$ 93,096,165

DRY CLEANING SURCHARGE

The Dry Cleaning Surcharge is used to provide grants to dry cleaning establishments for the purposes of the containment and removal or mitigation of environmental pollution resulting from dry cleaning activity. The surcharge is also used to fund measures, which are approved by the Commissioner of Economic and Community Development, undertaken to prevent pollution. Monies collected are deposited into the Dry Cleaning Remediation Account, which is used to provide these grants.

Revenue	
FY 2002-03	\$933,624
2003-04	800,948
2004-05	753,380

Basis and Rate

1% of gross receipts at retail.

Number of Taxpayers/Filing Frequency

550 taxpayers/Quarterly

GIFT TAX

The Connecticut gift tax applies to Connecticut taxable gifts, which are taxable gifts, as determined for federal gift tax purposes that are:

- Gifts of Connecticut real property;*
- Gifts of tangible personal property situated within Connecticut; or*
- Gifts of intangible personal property made by Connecticut residents.*

2005 Conn. Pub. Acts 251 has significantly changed the way that Connecticut taxes gifts. Gifts over \$25,000 made prior to January 1, 2005 that had been taxable for federal purposes were also subject to the Connecticut Gift Tax. For gifts made prior to January 1, 2005, no Connecticut gift tax return was required to be filed if no Connecticut gift tax was due.

For Connecticut taxable gifts made during calendar years beginning on or after January 1, 2005, taxpayers are required to file a Connecticut gift tax return even if no Connecticut gift tax is due. Connecticut gift tax is due when the aggregate amount of Connecticut taxable gifts made during all calendar years beginning on or after January 1, 2005, exceeds \$2 million.

Once the \$2 million threshold is exceeded, Connecticut gift tax is due on the aggregate amount including the first \$2 million. When Connecticut taxable gifts are made by the donor during future calendar years, Connecticut gift tax is again due on the aggregate amount of all Connecticut taxable gifts made by the donor during all calendar years beginning on or after January 1, 2005. However, a credit is allowed in the amount of the Connecticut gift tax previously paid on Connecticut taxable gifts made by the donor during all prior calendar years beginning on or after January 1, 2005.

Revenue	
FY 2002-03	\$27,334,615
2003-04	24,315,810
2004-05	27,772,988

Exemptions

For gifts made prior to January 1, 2005:

- The first \$25,000 of gifts to any donee; and
- Gifts made by married couples may be considered as having been made one-half by each spouse. (Therefore, the first \$50,000 of gifts made by consenting spouses is exempt.)

For gifts made on or after January 1, 2005:

- If the aggregate amount of Connecticut taxable gifts made during all calendar years beginning on or after January 1, 2005, is \$2 million or less, the Connecticut unified exemption amount is available, and no gift tax is due from the donor.

GIFT TAX (cont.)

Basis and Rate

For gifts made prior to January 1, 2005:

Amount of Taxable Gift Calendar Years 2001 through 2004	Tax Rate
\$25,000 or less	exempt
Over \$25,000 but not over \$50,000	\$250 + 2% of amount over \$25,000
Over \$50,000 but not over \$75,000	\$750 + 3% of amount over \$50,000
Over \$75,000 but not over \$100,000	\$1,500 + 4% of amount over \$75,000
Over \$100,000 but not over \$675,000	\$2,500 + 5% of amount over \$100,000
Over \$675,000	\$31,250 + 6% of amount over \$675,000

For gifts made on or after January 1, 2005:

Aggregate Amount of Connecticut Taxable Gifts	Tax
Not over \$2,000,000	No tax
Over \$2,000,000 but not over \$2,100,000	5.085% of the excess over \$0
Over \$2,100,000 but not over \$2,600,000	\$106,800 plus 8% of the excess over \$2,100,000
Over \$2,600,000 but not over \$3,100,000	\$146,800 plus 8.8% of the excess over \$2,600,000
Over \$3,100,000 but not over \$3,600,000	\$190,800 plus 9.6% of the excess over \$3,100,000
Over \$3,600,000 but not over \$4,100,000	\$238,800 plus 10.4% of the excess over \$3,600,000
Over \$4,100,000 but not over \$5,100,000	\$290,800 plus 11.2% of the excess over \$4,100,000
Over \$5,100,000 but not over \$6,100,000	\$402,800 plus 12% of the excess over \$5,100,000
Over \$6,100,000 but not over \$7,100,000	\$522,800 plus 12.8% of the excess over \$6,100,000
Over \$7,100,000 but not over \$8,100,000	\$650,800 plus 13.6% of the excess over \$7,100,000
Over \$8,100,000 but not over \$9,100,000	\$786,800 plus 14.4% of the excess over \$8,100,000
Over \$9,100,000 but not over \$10,100,000	\$930,800 plus 15.2% of the excess over \$9,100,000
Over \$10,100,000	\$1,082,800 plus 16% of the excess over \$10,100,000

GIFT TAX (cont.)

Detail of Revenue

For Fiscal Year 2003-04, revenue collected amounted to \$24,315,810. Most of this revenue is attributed to calendar year 2003 returns with the remainder from audit or late return payments. A breakdown of calendar year 2003 returns is shown below.

2003 GIFT TAX RETURNS

Amount of Taxable Gift	# of Returns	Tax Due
Over \$25,000 but not over \$50,000	1,303	\$ 635,627
Over \$50,000 but not over \$75,000	840	931,058
Over \$75,000 but not over \$100,000	593	1,172,746
Over \$100,000 but not over \$200,000	949	4,235,630
Over \$200,000 but not over \$300,000	289	2,774,475
Over \$300,000 but not over \$400,000	135	1,987,088
Over \$400,000 but not over \$500,000	57	1,138,530
Over \$500,000 but not over \$1,000,000	104	3,528,867
Over \$1,000,000	31	5,620,503
Total	4,301	\$ 22,024,524

For Fiscal Year 2004-05, revenue collected amounted to \$27,772,989. A breakdown of calendar year 2004 returns is shown below.

2004 GIFT TAX RETURNS

Amount of Taxable Gift	# of Returns	Tax Due
Over \$25,000 but not over \$50,000	1,258	\$ 576,481
Over \$50,000 but not over \$75,000	789	849,177
Over \$75,000 but not over \$100,000	562	1,042,804
Over \$100,000 but not over \$200,000	1,048	4,447,803
Over \$200,000 but not over \$300,000	311	2,824,451
Over \$300,000 but not over \$400,000	128	1,805,850
Over \$400,000 but not over \$500,000	91	1,654,577
Over \$500,000 but not over \$1,000,000	119	3,667,926
Over \$1,000,000	43	5,160,189
Total	4,349	\$ 22,029,258

INCOME TAX

For income years commencing on or after January 1, 2003, the highest marginal rate for individuals is 5%. Nonresidents and part-year resident individuals, trusts and estates are also subject to the tax on income derived from or connected with sources within the State. Connecticut taxable income is defined as adjusted gross income for federal tax purposes with certain modifications and exemptions described below.

Revenue	
FY 2002-03	\$4,262,774,778
2003-04	4,943,298,950
2004-05	5,570,692,650

Number of Taxpayers/Filing Frequency

1.7 million taxpayers/ Annually

Taxpayers who expect to owe more than \$1,000 in income tax, in addition to income tax withheld, are required to file four estimated tax payments.

Basis and Rate

Filing Status	Connecticut Taxable Income	Rate of Tax
Single/ Married Filing Separate	Not over \$10,000	3%
	Over \$10,000	\$300, plus 5% of the excess over \$10,000
Head of Household	Not over \$16,000	3%
	Over \$16,000	\$480, plus 5% of the excess over \$16,000
Joint	Not over \$20,000	3%
	Over \$20,000	\$600, plus 5% of the excess over \$20,000

INCOME TAX (cont.)

Exemptions

- \$12,625 for unmarried individuals. Effective for taxable years commencing on or after January 1, 2004 but prior to January 1, 2007. For taxpayers with Connecticut AGI in excess of \$25,250, the exemption decreases by \$1,000 for each \$1,000 increase in Connecticut AGI. The exemption is phased out at \$36,250.
- \$12,000 for married persons filing separately. For taxpayers with Connecticut AGI in excess of \$24,000, the exemption decreases by \$1,000 for each \$1,000 increase in Connecticut AGI. The exemption is phased out at \$35,000.
- \$19,000 for heads of household. For taxpayers with a Connecticut AGI in excess of \$38,000, the exemption decreases by \$1,000 for each additional \$1,000 of Connecticut AGI. There is no exemption if the taxpayer earns more than \$56,000.
- \$24,000 for married persons filing jointly. The exemption for joint filers decreases by \$1,000, for taxpayers whose Connecticut AGI exceeds \$48,000, for each \$1,000 increase in Connecticut AGI. The exemption is phased out at \$71,000.
- Social Security benefits for single filers and married individuals filing separately whose federal adjusted gross income for the taxable year is less than \$50,000. Social Security benefits for married individuals filing jointly and head of household filers whose federal adjusted gross income for the taxable year is less than \$60,000.

Common Additions

- Interest on state and local obligations other than Connecticut;
- Exempt-interest dividends (other than those derived from obligations of the State of Connecticut or its municipalities);
- Pro rata share of certain S Corporation shareholder's loss;
- The total taxable amount of a lump sum distribution for the taxable year deductible from gross income in calculating federal adjusted gross income; and
- Loss on sale of Connecticut bonds.

Common Subtractions

- Interest on U.S. obligations;
- Dividends from certain mutual funds consisting of U.S. obligations;
- Social Security Benefit Adjustment;
- Refunds on state and local income taxes;
- Tier 1 and Tier 2 railroad retirement benefits and supplemental annuities;
- Pro rata share of certain S Corporation shareholder's income; and
- Gain on sale of Connecticut bonds.

INCOME TAX (cont.)

Withholding Requirement

Connecticut requires anyone who maintains an office or transacts business in Connecticut, and who is considered an employer for federal income tax withholding purposes, to withhold Connecticut income tax whether or not the payroll department is located in Connecticut.

Estimated Tax Payments

Taxpayers must make estimated payments if their Connecticut income tax (after tax credits) minus Connecticut tax withheld is more than \$1,000, and they expect their Connecticut income tax withheld to be less than their required annual payment.

Connecticut Alternative Minimum Tax

Taxpayers who are subject to, and required to pay, the federal alternative minimum tax are subject to the Connecticut Alternative Minimum Tax. Effective for income years commencing on or after January 1, 2003, the alternative minimum tax is computed on the lesser of 19% of the adjusted federal tentative minimum tax, or 5½% of adjusted federal alternative minimum taxable income.

Tax Credit For Property Taxes Paid To A Political Subdivision

Connecticut residents are eligible for an income tax credit for property taxes paid to a Connecticut political subdivision on a primary residence and/or privately owned or leased motor vehicle. The maximum credit for taxable years commencing on or after January 1, 2003 is \$350 per return. For taxable years commencing on or after January 1, 2006, the maximum credit is \$500 per return. The credit cannot exceed the amount of qualifying property taxes paid or income tax liability.

Tax Credit For Income Taxes Paid To Qualifying Jurisdictions

Connecticut residents may claim an income tax credit if any part of their income was taxed by a qualifying jurisdiction. A qualifying jurisdiction includes another state of the United States, a local government within another state or the District of Columbia. A qualifying jurisdiction does not include the State of Connecticut, the United States or a foreign country or its provinces.

INSURANCE PREMIUMS TAX

Insurance companies are taxed in Connecticut on the total net direct premiums received from policies written on property or risks within the State. In addition, total net direct subscriber charges received on any new or renewal contract or policy by a health care center is also taxed. Persons who purchase insurance from unauthorized insurers are also subject to tax. Unauthorized insurers are defined as an insurer who has not been granted a certificate of authority by the Commissioner to transact the business of insurance in Connecticut, or an insurer transacting business not authorized by a valid certificate.

Revenue	
FY 2002-03	\$229,484,101
2003-04	222,419,343
2004-05	244,111,262

Exemptions

- Premiums sold for ocean and inland marine insurance of nonresident and foreign companies;
- Medicaid, Medicare, HUSKY Plan, and State Employee Health plans from health care centers subscriber charges; and
- New or renewal contracts or policies written to provide health care coverage to retired teachers, spouses or a surviving spouse, employees and retired members and their dependents, of a Connecticut municipality, employees of community action agencies and their dependents, and small employer's employees and their dependents under a plan procured pursuant to Conn. Gen. Stat. §5-259(i), from net direct subscriber charges of health care centers.

Number of Taxpayers/Filing Frequency

1,400 insurance companies/ Annually

Quarterly estimated payments for domestic and foreign insurers and health care centers.

Basis and Rate

- 1.75% of net direct premiums received by domestic and foreign insurance companies.
- 4% of gross premiums charged by unauthorized insurers; and
- 1.75% of net direct subscriber charges of health care centers.

INSURANCE PREMIUMS TAX (cont.)

Comparative Data

	FY 2002-03	FY 2003-04	FY 2004-05
Domestic	\$ 32,722,397	\$ 33,867,965	\$ 36,455,232
Foreign	151,041,950	140,282,729	156,532,591
Health Care Center	42,021,943	42,410,695	45,169,057
Unauthorized	3,697,812	5,857,953	5,954,383
Total	\$229,484,101	\$222,419,342	\$244,111,263

Tax Credits

The State of Connecticut provides for several tax credits which may be applied against the Insurance Premiums Tax. Described below is the credit unique to the Insurance Premiums Tax. Please turn to the Corporation Business Tax section of this report for additional information on business tax credits.

Insurance Department Assessment Credit

Reference: Conn. Gen. Stat. §12-202

Certain local domestic insurance companies are allowed a credit against the insurance premiums tax in the amount of 80% of the Connecticut Insurance Department assessment paid during the calendar year if their admitted assets do not exceed amounts specified in Conn. Gen. Stat. §12-202.

Calendar Year 2003 Insurance Business Tax Credits

Type of Credit	Number of Credits	Amount of Credit Claimed
Electronic Data Processing	43	\$10,668,035
Housing Program Contribution	9	2,167,338
Insurance Department Assessment	16	1,130,438
Insurance Reinvestment	19	9,013,128
Neighborhood Assistance	4	80,909
Historic Homes	5	466,844
Total Credits	96	\$23,526,692

INSURANCE PREMIUMS TAX (cont.)

Calendar Year 2004 Insurance Business Tax Credits

Type of Credit	Number of Credits	Amount of Credit Claimed
Electronic Data Processing	41	\$18,551,806
Housing Program Contribution	10	1,982,714
Insurance Department Assessment	11	1,000,475
Insurance Reinvestment	13	6,555,799
Neighborhood Assistance	4	132,400
Historic Homes	6	665,593
Total Credits	85	\$28,888,787

MOTOR CARRIER ROAD TAX

Since 1996, Connecticut has participated in the International Fuel Tax Agreement (IFTA), which is a cooperative agreement among most states and provinces of Canada to simplify the collection and reporting of fuel use tax by interstate motor carriers. Under IFTA, fuel tax returns are filed in the base jurisdiction of the motor carrier. The base jurisdiction of a motor carrier is where the vehicle is based for registration purposes and where operations are controlled and the vehicle is operated. For IFTA fuel tax reporting, a qualified motor vehicle is a vehicle that is designed to transport persons or property and that has: two axles and a gross vehicle weight or registered gross vehicle weight over 26,000 pounds; or three or more axles regardless of weight; or when used in combination, a combined gross vehicle weight over 26,000 pounds. Motor carriers who meet this qualification, and who travel solely within the State, are not required to file a return, but instead are subject to the tax at the time of purchase.

Revenue	
FY 2002-03	\$11,756,924
2003-04	12,875,278
2004-05	13,238,534

Exemption

- Motor bus companies whose operations in Connecticut are exclusively for purposes of charter or special operations; and
- Alternative fuels (compressed natural gas, liquefied petroleum gas, and liquefied natural gas).

Number of Taxpayers/Filing Frequency

2,760 IFTA filers/Quarterly
3,500 Motor Carrier filers/Quarterly

Basis and Rate

	Rate per Gallon
Gasoline	25¢
Gasohol	25¢ (24¢ until 7/1/04)
Diesel Fuel	26¢ (18¢ until 8/1/02)
Natural Gas or Propane	26¢ (18¢ until 8/1/02)

MOTOR VEHICLE FUELS TAX

Motor fuel used or sold in Connecticut is subject to the Motor Vehicle Fuels Tax. "Fuel" includes gasoline, diesel, gasohol, propane, or any combustible gas or liquid that generates the power needed to propel a motor vehicle.

Revenue	
FY 2002-03	\$446,537,641
2003-04	451,903,729
2004-05	470,846,222

Exemptions

- Fuel sold to United States Government, the State of Connecticut, any Connecticut municipality or transit district, when such fuel is used in vehicles owned and operated, or leased and operated by any of the aforementioned entities;
- Fuel sold exclusively for heating purposes and to furnish gas, water, steam or electricity, if delivered to consumers through mains, lines or pipes;
- Alternative fuels (compressed natural gas, liquefied petroleum gas, and liquefied natural gas);
- Aviation fuel and fuel sold to owners or operators of an aircraft, or to a licensed aviation fuel dealer whose place of business is located at an airport;
- Fuel used in school buses; and
- Diesel fuel sold exclusively for use in portable power system generators that are larger than one hundred fifty kilowatts.

Number of Taxpayers/Filing Frequency

700 taxpayers/Monthly

Basis and Rate

	Rate per Gallon
Gasoline	25¢
Gasohol	25¢ (24¢ until 7/1/04)
Diesel Fuel	26¢ (18¢ until 8/1/02)
Natural Gas or Propane	26¢ (18¢ until 8/1/02)

MTBE Ban*

During the 2003 legislative session, the Connecticut General Assembly enacted legislation banning the gasoline additive methyl tertiary butyl ether (MTBE). Effective January 1, 2004, all motor fuel sold in Connecticut can no longer contain the additive MTBE. The effect of the MTBE ban on motor fuel sales is the switch by fuel distributors from gasoline to gasohol since MTBE is used in gasoline. As result, the table on the next page reflects a dramatic shift away from gasoline sales beginning with the 2003-04 fiscal year. In the future, there will be no gallonage figures for gasoline sales reported.

MOTOR VEHICLE FUELS TAX (cont.)

Comparative Data

	Number of Gallons Sold		
	FY 2002-03	FY 2003-04	FY 2004-05
Gasoline*	1,492,144,179	612,917,637	299,774
Special Fuel	234,571,770	249,716,225	262,415,152
Gasohol	43,233,501	957,461,189	1,596,356,313
Total Gallons	1,769,949,450	1,820,095,051	1,859,071,239

OCCUPATIONAL TAX

An occupational tax is levied against any person who has been admitted as an attorney by the judges of the superior court, and who is engaged in the practice of law in Connecticut.

Revenue	
FY 2002-03	\$6,014,636
2003-04	6,007,724
2004-05	6,402,371

Exemptions

- Judges and employees of the State of Connecticut;
- Any attorney who has retired from the practice of law;
- Any attorney serving on active duty with the United States Armed Forces for more than six months of a given year; and
- Any attorney employed by a political subdivision of Connecticut or any probate court.

Number of Taxpayers/Filing Frequency

14,225 Attorneys/ Annually

Basis and Rate

\$450 per practicing attorney

PETROLEUM PRODUCTS GROSS EARNINGS TAX

A tax is levied on the gross earnings of companies distributing petroleum products in Connecticut. Petroleum products include gasoline, aviation fuel, kerosene, diesel fuel, benzol, distillate fuels, residual fuels, crude oil and derivatives of petroleum such as paint, detergents, antiseptics, fertilizers, nylon, asphalt, plastics and other similar products.

Revenue	
FY 2002-03	\$125,451,235
2003-04	139,895,375
2004-05	179,047,466

Exemptions

- Number 2 heating oil used exclusively for heating purposes or in a commercial fishing vessel;
- Bunker fuel oil, intermediate fuel, marine diesel oil and marine gas oil used in vessels displacing over 4,000 dead weight tons;
- Kerosene used exclusively for heating purposes, when the fuel is delivered via a truck with a metered delivery ticket, or to a centrally metered system serving a group of homes;
- Propane gas used exclusively for heating and used as a fuel for a motor vehicle;
- Paraffin and microcrystalline waxes;
- Gross earnings from the sale or use of Number 2 heating oil used exclusively in vessels engaged in interstate commerce and Number 6 fuel oil used by manufacturers; and
- Petroleum products used as fuel for a fuel cell.

Number of Taxpayers/Filing Frequency

700 taxpayers/Quarterly

Basis and Rate

- For calendar quarters prior to July 1, 2005 the rate is 5% of the gross earnings from the sale or use of all petroleum products, with the exception of Number 2 heating oil used exclusively in vessels engaged in interstate commerce and Number 6 fuel oil used by manufacturers.
- For calendar quarters commencing on or after:

July 1, 2005	5.8% rate
July 1, 2006	6.3% rate
July 1, 2007	7.0% rate
July 1, 2008	7.5% rate
July 1, 2013	8.1% rate

PUBLIC SERVICE COMPANIES TAX

Revenue	
FY 2002-03	\$197,959,721
2003-04	195,644,635
2004-05	198,819,211

Exemptions

- All sales for resale of water, steam, gas, and electricity to public service corporations and municipal utilities;
- Gas and Electric sales to manufacturing in SIC codes 2000 through 3999 or NAICS code sectors 31-33;
- Natural Gas sold to out-of-state users or entities;
- Sales by a gas company of natural gas or propane used as a motor vehicle fuel; and
- Retail sales of steam by utility companies.

Number of Taxpayers/Filing Frequency

120 taxpayers:

75 Public Utility Companies/Quarterly
29 Community Antenna TV Companies/Quarterly
4 Satellite TV Companies /Quarterly
12 Railroad Companies/ Annually (July 1)

Basis and Rate

Community Antenna TV	5%
Satellite TV	5%
Railroad	2 - 3.5%
Gas, Electric and Power	5%
Gas and Electric sales to residential customers	4%

Residential Credit

The electric, power, and gas companies claimed \$7,206,194 in Fiscal Year 2004-05 compared to \$6,559,780 for Fiscal Year 2003-04 under the one-percent credit attributable to the sale of gas and electric power for residential use.

PUBLIC SERVICE COMPANIES TAX (cont.)

Manufacturing Companies Credit

\$12,658,472 was claimed in credit for Fiscal Year 2004-05 compared to \$10,140,407 in Fiscal Year 2003-04 for gas and electric sales used directly by a company engaged in a manufacturing production process.

Comparative Data

	FY 2002-03	FY 2003-04	FY 2004-05
Community Antenna & Satellite TV Systems	\$45,516,270	\$38,492,786	\$41,173,821
Electric & Power Companies	31,408,143	28,426,666	47,351,605
Gas Companies	43,258,247	48,063,793	40,765,703
Gas and Electric Companies	77,699,345	80,388,880	69,425,848
Railroad Companies	77,716	272,510	102,234
Total Tax	\$197,959,721	\$195,644,635	\$198,819,211

Electric Restructuring

Effective for calendar quarters commencing on or after January 1, 2000, the gross receipts tax on generation services was eliminated. However, the rate on transmission and distribution services was increased to 6.8% for residential customers and to 8.5% for non-residential customers (other than manufacturers) as of the same date. Also, the Competitive Transition Assessment (CTA), the Systems Benefit Charge (SBC) and the charges for energy conservation and renewable energy are subject to the gross receipts tax.

Satellite Television Tax

Effective September 1, 2003 and applicable to calendar quarters commencing on or after September 1, 2003, a tax is imposed at a rate of 5% of gross earnings on satellite companies providing one-way transmission of video programming by satellite to subscribers.

REAL ESTATE CONVEYANCE TAX

Connecticut imposes a tax on the conveyance of real property. The tax is assessed on the full purchase price of the property and is determined by the classification of the property being conveyed. Payment of the tax is the responsibility of the seller of the property and must be paid before the deed can be recorded.

Revenue	
FY 2002-03	\$ 147,410,832
2003-04	174,775,490
2004-05	199,193,074

Exemptions

- Deeds which this state is prohibited from taxing under the constitution or laws of the United States;
- Deeds which secure a debt or other obligation;
- Deeds to which this state or any of its political subdivisions or their respective agencies is a party;
- Deeds of release of property which is security for a debt or other obligation;
- Deeds of partition;
- Deeds made pursuant to mergers of corporations;
- Deeds made by subsidiary corporation to its parent corporation for no consideration other than the cancellation or surrender of the subsidiary's stock;
- Conveyance of an interest in real property pursuant to a decree of the superior court;
- Certificates of devise or distribution;
- Transfers for no consideration between parents and children;
- An assignment with no consideration of any interest present or future, vested or contingent in real property which endures for a period of time and the termination of which is not fixed or ascertained by a specific number of years;
- An assignment with no consideration of the unexpired portion of a term or estate for life or of a term or estate for years;
- Tax deeds;
- Certain exempt corporation transfers;
- Any conveyances made on or after May 20, 1992, whereby the realty of a mutual savings institution is conveyed to a reorganized capital stock savings bank or a reorganized capital stock savings and loan association as defined in Title 36 of the Connecticut General Statutes;

REAL ESTATE CONVEYANCE TAX (cont.)

Exemptions (cont.)

- All transfers between spouses;
- Any deeds of property located in an entertainment district;
- Conveyances of burial rights;
- Land development rights to agricultural land under the state farmland preservation program; and
- Transfers or conveyances of real estate to effectuate a mere change of identity or form of ownership or organization where there is no change in beneficial ownership.
- Employee relocation company or employer re-sales within six months of conveyance from relocated employee. (Applicable to conveyances occurring on or after July 1, 2004)

Basis and Rate

Classification	Rate
Unimproved Land	0.5%
Nonresidential property other than Unimproved Land	1.0%
Residential Dwelling:	
Portion \$800,000 or less	0.5%
Portion that exceeds \$800,000	1.0%
Residential Property other than Residential Dwelling	0.5%
Delinquent Mortgage	0.5%

Tables I and II on the following pages will show the number of conveyances by price of property and the conveyance tax revenue generated for the same price increments, respectively.

REAL ESTATE CONVEYANCE TAX (cont.)

TABLE I

Price of Property	FY 2002-03 Number of Conveyances	FY 2003-04 Number of Conveyances	FY 2004-05 Number of Conveyances
Under \$30,000.00	51,641	51,050	43,204
30,000 - 39,999.99	1,374	1,081	935
40,000 - 49,999.99	1,481	1,232	934
50,000 - 59,999.99	1,698	1,506	1,112
60,000 - 69,999.99	1,883	1,631	1,347
70,000 - 79,999.99	2,073	1,886	1,511
80,000 - 89,999.99	2,320	1,929	1,568
90,000 - 99,999.99	2,346	2,002	1,505
100,000 - 109,999.99	2,260	2,172	1,667
110,000 - 119,999.99	2,640	2,472	1,817
120,000 - 129,999.99	3,464	2,964	2,392
130,000 - 139,999.99	3,502	3,092	2,481
140,000 - 149,999.99	3,179	3,085	2,480
150,000 - 159,999.99	3,396	3,575	2,855
160,000 - 169,999.99	3,013	3,457	3,020
170,000 - 179,999.99	2,707	3,155	3,073
180,000 - 189,999.99	2,390	3,005	3,011
190,000 - 199,999.99	1,962	2,472	2,596
200,000 - 249,999.99	8,128	10,184	11,794
250,000 - 299,999.99	6,350	8,087	9,153
300,000 - 499,999.99	11,517	14,920	17,962
500,000 - 599,999.99	2,303	2,917	3,478
600,000 - 699,999.99	1,484	1,898	2,292
700,000 - 799,999.99	1,000	1,357	1,593
\$800,000 and over	3,376	4,743	5,774
Total	127,487	135,872	129,554

REAL ESTATE CONVEYANCE TAX (cont.)

TABLE II

Price of Property		FY 2002-03 Revenue Generated	FY 2003-04 Revenue Generated	FY 2004-05 Revenue Generated
Under	\$30,000.00	\$274,822	\$222,338	\$178,691
30,000	- 39,999.99	238,165	184,652	159,909
40,000	- 49,999.99	327,441	268,523	208,645
50,000	- 59,999.99	462,208	406,701	304,432
60,000	- 69,999.99	603,366	528,420	438,346
70,000	- 79,999.99	784,674	721,347	569,499
80,000	- 89,999.99	996,704	813,935	666,400
90,000	- 99,999.99	1,112,727	943,502	717,863
100,000	- 109,999.99	1,184,821	1,134,975	875,911
110,000	- 119,999.99	1,520,077	1,400,723	1,040,339
120,000	- 129,999.99	2,165,310	1,849,603	1,508,755
130,000	- 139,999.99	2,366,413	2,074,228	1,680,332
140,000	- 149,999.99	2,300,710	2,218,972	1,794,221
150,000	- 159,999.99	2,632,940	2,756,760	2,233,185
160,000	- 169,999.99	2,484,093	2,844,949	2,490,351
170,000	- 179,999.99	2,385,200	2,764,384	2,693,461
180,000	- 189,999.99	2,220,648	2,783,324	2,791,740
190,000	- 199,999.99	1,917,167	2,401,031	2,526,235
200,000	- 249,999.99	9,211,015	11,442,696	13,259,795
250,000	- 299,999.99	8,791,295	11,179,621	12,608,019
300,000	- 499,999.99	22,270,793	28,858,966	34,554,373
500,000	- 599,999.99	6,505,354	8,205,949	9,748,915
600,000	- 699,999.99	5,028,694	6,368,215	7,583,031
700,000	- 799,999.99	3,938,971	5,294,344	6,187,465
800,000	and over	46,519,981	68,697,264	92,092,450
Total		\$128,243,589	\$166,365,422	\$198,912,362

RENTAL SURCHARGE

The Rental Surcharge is imposed on the rental of each private passenger motor vehicle in Connecticut by a rental company for a period of less than 31 days. Rental companies must pay over the portion of the surcharge collected during the calendar year that exceeds the amount paid in personal property tax and the amount paid in titling and registration fees.

The rental surcharge is also applicable to the rental of any rental truck, defined as either a vehicle rented without a driver that has a gross vehicle weight rating of 26,000 pounds or less and is used in the transportation of personal property but not for business purposes, or a trailer that has a gross vehicle weight rating of not more than 6,000 pounds.

Public Act 05-163 broadens this surcharge to include a 1.5% surcharge on machinery rented within Connecticut for a period of less than 31 days on or after July 1, 2005. Machinery means heavy equipment intended for outside use that may be used for construction, mining, or forestry. It is rented without an operator and is propelled by its own internal engine or internal power source.

Revenue		
FY		
2002-03		\$ 110,498
2003-04		502,588
2004-05		312,918

Exemptions

- Motor vehicles delivered to a lessee outside Connecticut;
- Rentals by an agency of United States Government;
- Rentals of 31 days or more; and
- Rentals of motor vehicles by a person that is not a rental company.

Number of Taxpayers / Filing Frequency

283 taxpayers / Annually

Basis and Rate

3% of the total rental charges imposed by the rental company.

Comparative Data

Gross collections by rental companies during 2003 amounted to \$4,472,677. These collections increased to \$5,920,735 during 2004. Rental companies retained the difference between gross collections and the amount remitted to reimburse personal property taxes and titling and registration fees paid in Connecticut.

REPEALED TAXES

FIDUCIARY ESTATE TAX

The Fiduciary Estate Tax, which has been repealed since 1991, was a tax on the income produced from an estate. A small amount of revenue continues to be received from payments from estates whose income years commenced prior to January 1, 1991, or from assessments.

Revenue collected for Fiscal Year 2003-04: \$ 98

HAZARDOUS WASTE ASSESSMENT

The assessment imposed on generators of hazardous waste was eliminated as of July 1, 2000. The revenue collected represents late payments and revenue generated through assessment and compliance programs. Negative collections for Fiscal Year 2004-05 indicate an internal transfer to another tax type.

Revenue collected for Fiscal Year 2003-04: \$ 186
Revenue collected for Fiscal Year 2004-05: \$ (178,776)

HOSPITAL GROSS EARNINGS TAX

A tax was imposed on the gross earnings of each hospital in Connecticut. This tax has been repealed for calendar quarters commencing on or after April 1, 2000. The revenue collected represents late payments and revenue generated through assessment and compliance programs.

Revenue collected for Fiscal Year 2004-05: \$ 10,134

TIRE FEE

The Tire Fee was repealed effective for sales made on or after July 1, 1997. The fee was imposed on the sale at retail of any tire commonly used on a motor vehicle.

Revenue collected for Fiscal Year 2003-04: \$ 5,075
Revenue collected for Fiscal Year 2004-05: \$ 3,686

WATER COMPANIES

The gross earnings tax on private water companies has been repealed since July 1, 1997. The revenue collected represents late payments and revenue generated through assessment and compliance programs.

Revenue collected for Fiscal Year 2003-04: \$ 14,892

SALES AND USE TAXES

Connecticut levies sales and use taxes on the gross receipts of retailers from the sale of tangible personal property at retail, from the rental or leasing of tangible personal property, and on the gross receipts from the rendering of certain business services.

Revenue	
FY 2002-03	\$3,091,365,923
2003-04	3,153,518,556
2004-05	3,291,372,489

Basis and Rate

6% on the gross receipts from the sale, rental or leasing of tangible personal property, and the rendering of certain business services (general rate);

4.5% on the sale of a motor vehicle to a nonresident member of the United States armed forces serving on active duty in Connecticut;

1% on computer and data processing services;

12% on the rental of rooms in a hotel or lodging house.

Exemptions

Conn. Gen. Stat. §12-412 provides for various exemptions from the sales and use taxes for the sale of, storage, use or other consumption of numerous goods and services.

The following table provides a summary of the major exemptions claimed by businesses during Fiscal Years 2003-04 and 2004-05, and the amount of revenue forgone for each exemption monitored. Note that the revenue forgone for each item is computed at the 6% rate.

SALES TAX EXEMPTIONS

(In Millions)

	FY 2003-04		FY 2004-05	
Deductible Item	Total Deductions	Revenue Forgone	Total Deductions	Revenue Forgone
Sale for Resale – Goods	\$ 70,628.9	\$ 4,237.7	\$ 74,782.6	\$ 4,487.0
Sale for Resale – Leases and Rentals	1,137.1	68.2	1,664.2	99.8
Sale for Resale – Labor and Services	1,503.5	90.2	1,177.8	70.7
Newspapers/Magazines by Subscription	0	0	1,242.2	74.5
Trucks with Gross Vehicle Weight Over 26,000 Pounds or Used for Interstate Freight	284.7	17.1	990.0	59.4
Food Products for Human Consumption	4,717.9	283.1	5,043.6	302.6
Fuel for Motor Vehicles	3,405.0	204.3	4,075.1	244.5
Electricity/Gas/Heating Fuel (residential)	1,862.2	111.7	2,122.2	127.3
*Electricity (\$150 monthly per business)	54.0	3.2	96.4	5.8
*Electricity/Gas/Heating Fuel for Manufacturing or Agricultural Production	348.3	20.9	350.9	21.1
Aviation Fuel	32.9	2.0	64.6	3.9
Sales of Tangible Personal Property to Farmers	81.6	4.9	260.3	15.6
Machinery/Materials/Tools/Fuel – Mfg. Product	1,481.9	88.9	1,479.4	88.8
Machinery/Materials/Equip. – Printing	122.7	7.4	123.1	7.4
Machinery/Materials/Tools/Fuel – Comm. Fishing	130.4	7.8	5,788.9	347.3

SALES TAX EXEMPTIONS (cont.)
(In Millions)

	FY 2003-04		FY 2004-05	
Deductible Item	Total Deductions	Revenue Forgone	Total Deductions	Revenue Forgone
Out-of-State – Sale of Goods	37,316.7	2,239.0	40,144.1	2,408.6
Out-of-State - Leases/Rentals	751.0	45.1	1,365.6	81.9
Out-of-State – Labor and Services	6,355.8	381.3	5,742.0	344.5
Sales of Motor Vehicles, Vessels to Nonresidents	592.0	35.5	1,148.4	68.9
Prescription Medicines	3,379.6	202.8	3,098.7	185.9
Non-Prescription Medicines and Diabetic Equipment	201.3	12.1	557.5	33.5
Charitable/Government/Religious – Sale of Goods	6,701.2	402.1	5,745.1	344.7
Charitable/Government/Religious – Leases and Rentals	147.6	8.8	764.2	45.8
Charitable/Government/Religious – Labor and Services	4,052.1	243.1	4,402.8	264.2
Pollution Abatement	105.1	6.3	1,558.6	93.5
Non-Taxable Labor and Services	11,174.3	670.5	10,767.6	646.1
Business Services/Parent Owned Subs.	363.8	21.8	298.2	17.9
Trade-ins of Like-Kind Personal Property	878.5	52.7	799.8	48.0
Taxed Goods returned within 90 days	127.3	7.6	119.5	7.2
Oxygen, Plasma, Prostheses, etc.	117.1	7.0	143.5	8.6

SALES TAX EXEMPTIONS (cont.)
(In Millions)

	FY 2003-04		FY 2004-05	
Deductible Item	Total Deductions	Revenue Forgone	Total Deductions	Revenue Forgone
Printed Material for Future Delivery Out-of-State	34.1	2.0	374.5	22.5
Clothing/Footwear under \$50	2,159.7	129.6	1,961.9	117.7
Material for Non-commercial Production of Clothing	10.4	0.6	17.3	1.0
Funeral Expenses up to \$2,500	66.9	4.0	66.7	4.0
Repair or Replacement Parts/Repair Services to Aircraft	90.3	5.4	63.6	3.8
Certain Machinery - Manufacturing Recovery Act of 1992 (Difference between the 6% and 3% Rates)	16.4	1.0	18.9	1.1
Sales of Machinery, Equipment, Tools, Fuel, and Supplies used in the Biotechnology Industry	29.5	1.8	38.4	2.3
Sales of Repair and Maintenance Service to Vessels	53.5	3.2	197.0	11.8
Computer and Data Processing Services (Difference between the 6% and 1% Rates)	833.9	50.0	821.1	49.3
Renovation Services to Residential Property	297.9	17.9	278.4	16.7

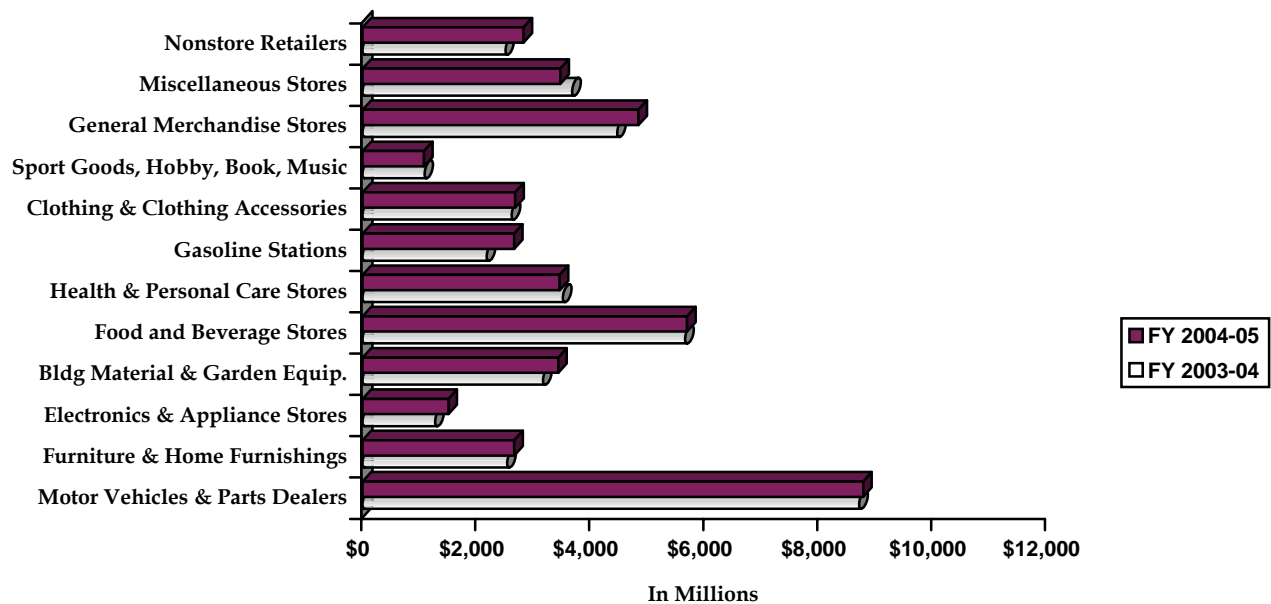
SALES TAX EXEMPTIONS (cont.)

(In Millions)

Deductible Item	FY 2003-04		FY 2004-05	
	Total Deductions	Revenue Forgone	Total Deductions	Revenue Forgone
Sales to Direct Payment Permit Holders	138.1	8.3	324.5	19.5
Sales of College Textbooks	39.3	2.4	39.2	2.3
Clothing Under \$300 for One Week in August	13.7	0.8	71.1	4.3
Other Adjustments	6,228.7	373.7	8,008.1	480.5
TOTAL	\$168,066.9	\$10,084.0	\$188,197.7	\$11,291.9

RETAIL SALES FY 2003-04 and FY 2004-05

RETAIL ESTABLISHMENTS (NAICS 44-45)



FY 2003-04 Total = \$41.4 Billion

FY 2004-05 Total = \$43.1 Billion

SALES AND USE TAXES (cont.)

Number of Taxpayers/Filing Frequency

171,395 Taxpayers
7,040 Taxpayers / Monthly
70,375 Taxpayers / Quarterly
93,980 Taxpayers / Annually

Comparative Data

Table I provides a summary of all gross receipts reported under the sales and use taxes attributable to various components. Note that the figures are gross, and do not necessarily represent taxable receipts.

Table I:
(In Millions)

Gross Receipts Attributable to:	FY 2003-04	FY 2004-05
Sales of Tangible Personal Property	\$178,781.0	\$191,548.3
Leasing/Rental of Tangible Personal Property	3,386.0	3,175.0
Rendering of Services	32,978.7	35,835.6
Business Use Purchases	2,700.5	2,811.0
Room Occupancy	558.1	589.2

Table II, on the following page, provides a summary of retail sales of goods for the state of Connecticut for the past three fiscal years. The figures reflect fluctuations in sales of durable and non-durable goods. Durable goods are usually more expensive items expected to last more than three years, such as automobiles and large household appliances. These sales are provided by selected major groups within the North American Industry Classification system (NAICS). Approximately half of all the sales and use tax revenue is generated by the retail trade sector.

SALES AND USE TAXES (cont.)

TABLE II: Retail Sales Volume - Fiscal Years 2003-04 and 2004-05
(In Millions)

	FY 2003-04	FY 2004-05
Motor Vehicle and Parts Dealers (NAICS 441)	\$ 8,713.5	\$8,784.4
Furniture and Home Furnishings Stores (NAICS 442)	2,539.1	2,663.5
Electronics and Appliance Stores (NAICS 443)	1,275.9	1,508.8
Building Material and Garden Equipment and Supplies Dealers (NAICS 444)	3,167.6	3,434.6
Food and Beverage Stores (NAICS 445)	5,661.4	5,694.7
Health and Personal Care Stores (NAICS 446)	3,516.0	3,457.9
Gasoline Stations (NAICS 447)	2,179.5	2,660.1
Clothing and Clothing Accessories Stores (NAICS 448)	2,617.0	2,677.0
Sporting Goods, Hobby, Book and Music Stores (NAICS 451)	1,087.5	1,079.3
General Merchandise Stores (NAICS 452)	4,470.5	4,838.6
Miscellaneous Store Retailers (NAICS 453)	3,677.2	3,471.2
Nonstore Retailers (NAICS 454)	2,507.4	2,824.0
TOTAL (NAICS 44-45)	\$ 41,412.6	\$ 43,094.1

SALES AND USE TAXES (cont.)

Table III provides total sales and use taxes revenues by the economic activities sectors of the North American Industry Classification System (NAICS) for fiscal years 2003-04 and 2004-05. The revenues are from regular payments and represent 94% of the total sales and use taxes collected in FY 2004-05.

TABLE III: Sales & Use Tax - From Regular Payments
Fiscal Years 2003-04 and 2004-05
(In Millions)

	NAICS Code	FY 2003-04	FY 2004-05
<i>Motor Vehicle and Parts Dealers</i>	441	\$ 410.7	\$ 402.0
<i>Furniture and Home Furnishings</i>	442	70.2	80.7
<i>Electronics and Appliance Stores</i>	443	60.1	70.8
<i>Building Material and Garden Equipment</i>	444	173.1	187.1
<i>Food and Beverage Stores</i>	445	154.0	157.6
<i>Health and Personal Care Stores</i>	446	41.0	41.3
<i>Gasoline Stations</i>	447	31.4	31.1
<i>Clothing and Clothing Accessories Stores</i>	448	66.8	70.2
<i>Sporting Goods, Hobby, Book & Music Stores</i>	451	47.2	46.4
<i>General Merchandise Stores</i>	452	161.0	171.6
<i>Miscellaneous Store Retailers</i>	453	138.3	143.3
<i>Nonstore Retailers</i>	454	42.1	48.3
Retail Sector Subtotal	44-45	\$1,395.9	\$1,450.4
Utilities	22	76.9	82.3
Construction	23	112.5	125.4
Manufacturing	31-33	155.3	163.1
Wholesale Trade	42	173.2	180.3
Information	51	242.5	241.0
Arts, Entertainment & Recreation	71	21.8	22.0
Accommodation and Food Services	72	222.2	230.6
Other Services (except Public Admin)	81	120.9	120.4
All Other Businesses		460.9	482.5
TOTAL SALES & USE TAX REVENUE		\$2,982.1	\$3,098.0

SOLID WASTE TAX

The Solid Waste Tax is levied on the owners of commercial resources recovery facilities that process municipal solid waste to reclaim energy.

Revenue	
FY 2002-03	\$2,440,962
2003-04	2,912,413
2004-05	3,384,607

Number of Taxpayers / Filing Frequency

10 taxpayers / Quarterly

Basis and Rate

\$1.50 per ton of solid waste processed. For calendar quarters commencing prior to October 1, 2003, the assessment had been \$1.00 per ton. (2003 Conn. Pub. Acts 6, June 30 Spec. Sess.)

SUCCESSION AND ESTATE TAXES

The Succession Tax was levied on the transfer of property after death, with rates that varied depending on the size of the estate and the relationship of the decedent to the survivor. Due to legislative changes enacted during the 2005 Legislative Session, the Connecticut Succession Tax has been repealed and does not apply to estates of decedents dying on or after January 1, 2005.

Transfers were broken into five classes for the purposes of the repealed Succession Tax. Class AA transfers were made to a surviving spouse. Class A transfers were to immediate family, such as parents or children. Class B transfers were to other relatives, including siblings, nieces and nephews. All other transfers, excluding qualifying exempt organizations, were Class C. The Compromise Class represented transfers whose tax liability was determined by the Department of Revenue Services where contingencies as to the ultimate beneficiary could not be currently determined.

The Connecticut Estate Tax was also significantly impacted by legislative changes enacted during the 2005 Legislative Session. 2005 Conn. Pub. Acts 251 has integrated the Estate Tax with the Gift Tax into a new Unified Gift and Estate Tax. This new tax is effective for estates of decedents dying on or after January 1, 2005.

The Estate Tax was equal to the amount that the federal government allowed as a tax credit for state death taxes. A credit was allowed for the amount of Connecticut Succession Tax imposed and paid. Federal legislation has phased-out the federal credit for state death taxes, thereby eliminating the basis of the Connecticut Estate Tax by 2005.

Legislation enacted in 2003 imposed a special estate tax on estates of decedents dying on or after July 1, 2004 and before January 1, 2005. This special estate tax required the estates to compute the Connecticut Estate tax as if the decedent had died prior to the federal phase-out of the state death tax credit.

	Succession Tax Revenue	Estate Tax Revenue
FY 2002-03	\$72,493,562	\$111,823,742
2003-04	64,273,781	83,135,828
2004-05	74,536,836	179,371,121

Succession Tax Exemptions (for 2003 and 2004)

- All Class AA and A transfers;
- First \$600,000 for Class B transfers ;
- First \$200,000 for Class C transfers ; and
- All transfers to charitable, literary, scientific, historical, religious and government organizations.

SUCCESSION AND ESTATE TAXES (cont.)

Number of Transfers/Filing Frequency

Succession Tax and Special Estate Tax returns were due six months following the date of death. Estate Tax returns are due nine months following date of death.

	FY 2003-04	FY 2004-05
Number of Estates Subject to Succession Tax	798	720
Number of Succession Tax Transfers		
Class AA:	52	36
Class A:	198	140
Class B:	503	512
Class C:	499	493
Compromises:	29	36
Number of Estates Subject to Connecticut Estate Tax	552	700

Basis and Rate

For estates of decedents dying on or after March 1, 2003 and prior to July 1, 2004:

Connecticut Succession Tax		Connecticut Estate Tax
Class AA	Exempt	Allowable Federal Credit
Class A	Exempt	
Class B	12.87% - 14.30%	
Class C	14.30% - 20.02%	

For estates of decedents dying on or after July 1, 2004 and prior to January 1, 2005:

Connecticut Succession Tax		Connecticut Estate Tax
Class AA	Exempt	Special Estate Tax
Class A	Exempt	
Class B	12.87% - 14.30%	
Class C	14.30% - 20.02%	

SUCCESSION AND ESTATE TAXES (cont.)

Basis and Rate (cont.)

For estates of decedents dying on or after January 1, 2005, the table below is used to compute the Estate tax:

Aggregate amount of Decedent's Connecticut Taxable Estate	Tax
Not over \$2,000,000	No tax
Over \$2,000,000 but not over \$2,100,000	5.085% of the excess over \$0
Over \$2,100,000 but not over \$2,600,000	\$106,800 plus 8% of the excess over \$2,100,000
Over \$2,600,000 but not over \$3,100,000	\$146,800 plus 8.8% of the excess over \$2,600,000
Over \$3,100,000 but not over \$3,600,000	\$190,800 plus 9.6% of the excess over \$3,100,000
Over \$3,600,000 but not over \$4,100,000	\$238,800 plus 10.4% of the excess over \$3,600,000
Over \$4,100,000 but not over \$5,100,000	\$290,800 plus 11.2% of the excess over \$4,100,000
Over \$5,100,000 but not over \$6,100,000	\$402,800 plus 12% of the excess over \$5,100,000
Over \$6,100,000 but not over \$7,100,000	\$522,800 plus 12.8% of the excess over \$6,100,000
Over \$7,100,000 but not over \$8,100,000	\$650,800 plus 13.6% of the excess over \$7,100,000
Over \$8,100,000 but not over \$9,100,000	\$786,800 plus 14.4% of the excess over \$8,100,000
Over \$9,100,000 but not over \$10,100,000	\$930,800 plus 15.2% of the excess over \$9,100,000
Over \$10,100,000	\$1,082,800 plus 16% of the excess over \$10,100,000

SUCCESSION AND ESTATE TAXES (cont.)

Comparative Data

A significant amount of the tax liability of current year Succession Tax Returns was remitted in prior fiscal years. Current year collections included a significant amount of prepayments that apply against upcoming tax returns.

Connecticut Succession Tax Liability

Class	FY 2002-03	FY 2003-04	FY 2004-05
		<i>(In Millions)</i>	
Class AA & A	\$28.7	\$12.0	\$8.5
Class B	35.0	29.6	28.6
Class C	38.1	32.5	24.0
Compromise	<u>10.5</u>	<u>4.0</u>	<u>26.1</u>
Total	\$ 112.3	\$ 78.1	\$ 87.2

TOBACCO PRODUCTS TAX

An excise tax is imposed on all non-cigarette tobacco products such as cigars, stogies, snuff, pipe and chewing tobacco. The tax is imposed when the tobacco products are manufactured, imported, or purchased by distributors. Distributors must be licensed annually and remit the tax on a monthly basis.

Revenue	
FY 2002-03	\$4,569,548
2003-04	3,966,136
2004-05	3,793,951

Exemptions

- Tobacco products exported from the State; and
- Tobacco products sold to the federal government.

Number of Taxpayers/Filing Frequency

225 distributors/Monthly

Basis and Rate

20% of the wholesale sales price. Snuff tobacco products are taxed at a rate of 40¢ per ounce.

TOURISM ACCOUNT SURCHARGE

A surcharge is levied on the rental and leasing of passenger motor vehicles for a period of thirty consecutive calendar days or less. Revenues generated by the surcharge are deposited into the General Fund.

Revenue	
FY 2002-03	\$4,433,561
2003-04	4,513,367
2004-05	4,670,440

Exemption

The rental or leasing of a motor vehicle pursuant to a written agreement, which has a term of more than thirty days.

Number of Taxpayers / Filing Frequency

29 taxpayers / Monthly
280 taxpayers / Quarterly

Basis and Rate

\$1.00 per rental/leasing day or portion thereof, of passenger motor vehicles.

UNRELATED BUSINESS TAXABLE INCOME TAX

The Unrelated Business Taxable Income Tax is imposed on any trade or business conducted by a tax-exempt organization that does not substantially relate to its tax-exempt purpose. The tax is paid at the same rate as the Corporation Business Tax. For most taxpayers, the due date is either April 15 or May 15, depending on the entity. Foreign trusts however, generally have a due date of June 15.

Revenue	
FY 2002-03	\$ 903,944
2003-04	1,007,944
2004-05	867,828

Number of Taxpayers / Filing Frequency

312 organizations / Annually

Basis and Rate

7.5% of the unrelated business income of the organization. A surtax of 20% applied to returns filed for the 2003 income year. This surtax increased to 25% for the 2004 income year. No minimum tax is required.

Credits

For the 2002 income year, 40 taxpayers claimed \$20,024 in Electronic Data Processing Property Tax Credits. For the 2003 income year, 54 taxpayers claimed \$28,514 for this credit.

2003-04 REAL ESTATE CONVEYANCE TAX BY TOWN

Municipality	Number of Conveyances		Tax Remitted
	Taxable	Exempt	
ANDOVER	129	6	\$ 64,578
ANSONIA	640	41	504,926
ASHFORD	206	17	107,282
AVON	946	35	1,441,710
BARKHAMSTED	133	10	98,678
BEACON FALLS	216	10	260,494
BERLIN	640	39	489,558
BETHANY	196	25	196,952
BETHEL	690	41	878,164
BETHLEHEM	131	6	107,417
BLOOMFIELD	716	41	685,376
BOLTON	164	9	99,577
BOZRAH	80	8	49,499
BRANFORD	1,271	98	1,313,320
BRIDGEPORT	4,572	307	3,370,321
BRIDGEWATER	65	5	131,358
BRISTOL	2,292	167	1,358,635
BROOKFIELD	695	52	1,223,474
BROOKLYN	357	25	193,751
BURLINGTON	373	18	342,837
CANAAN	59	6	52,002
CANTERBURY	205	21	92,946
CANTON	521	24	553,398
CHAPLIN	94	2	48,803
CHESHIRE	829	64	891,369
CHESTER	127	17	114,851
CLINTON	630	31	634,198
COLCHESTER	594	63	447,050
COLEBROOK	65	6	44,021
COLUMBIA	248	20	183,199
CORNWALL	137	6	92,136
COVENTRY	573	36	337,214
CROMWELL	709	33	636,082
DANBURY	2,581	164	3,269,196
DARIEN	767	30	4,697,060
DEEP RIVER	190	16	171,671
DERBY	502	29	381,114
DURHAM	257	26	259,263
EAST GRANBY	174	11	188,158
EAST HADDAM	447	22	286,319
EAST HAMPTON	678	26	531,812
EAST HARTFORD	1,511	86	963,541
EAST HAVEN	1,142	73	825,953

2003-04 REAL ESTATE CONVEYANCE TAX BY TOWN (cont.)

Municipality	Number of Conveyances		Tax Remitted
	Taxable	Exempt	
EAST LYME	885	53	\$ 905,339
EAST WINDSOR	453	28	342,949
EASTFORD	82	4	36,166
EASTON	296	19	635,453
ELLINGTON	528	46	391,686
ENFIELD	1,338	119	1,128,416
ESSEX	308	18	418,262
FAIRFIELD	2,043	147	5,723,405
FARMINGTON	1,063	57	1,275,628
FRANKLIN	86	5	56,839
GLASTONBURY	1,262	121	1,945,518
GOSHEN	211	17	248,287
GRANBY	425	23	402,677
GREENWICH	2,039	150	18,133,067
GRISWOLD	514	32	266,571
GROTON	1,197	52	1,150,073
GUILFORD	946	76	1,195,273
HADDAM	307	24	243,548
HAMDEN	1,850	110	1,397,827
HAMPTON	79	9	42,642
HARTFORD	2,436	256	2,425,888
HARTLAND	81	4	43,106
HARWINTON	233	12	139,464
HEBRON	386	25	360,112
KENT	147	17	218,106
KILLINGLY	818	45	474,821
KILLINGWORTH	252	27	279,407
LEBANON	383	26	166,550
LEDYARD	715	30	512,415
LISBON	202	6	98,824
LITCHFIELD	369	23	405,578
LYME	124	12	151,875
MADISON	673	59	1,166,690
MANCHESTER	1,770	106	1,482,884
MANSFIELD	421	41	268,645
MARLBOROUGH	246	9	257,221
MERIDEN	2,249	202	1,359,391
MIDDLEBURY	293	16	592,593
MIDDLEFIELD	140	13	85,682
MIDDLETOWN	1,527	121	1,177,912
MILFORD	2,018	141	2,305,967
MONROE	599	38	874,092
MONTVILLE	820	49	552,658

2003-04 REAL ESTATE CONVEYANCE TAX BY TOWN (cont.)

Municipality	Number of Conveyances		Tax Remitted
	Taxable	Exempt	
MORRIS	130	7	\$ 113,766
NAUGATUCK	1,201	89	711,213
NEW BRITAIN	2,070	135	1,646,765
NEW CANAAN	839	45	5,871,390
NEW FAIRFIELD	540	35	681,732
NEW HARTFORD	301	22	211,445
NEW HAVEN	3,313	394	2,572,237
NEW LONDON	1,026	60	1,025,155
NEW MILFORD	835	64	513,976
NEWINGTON	1,427	121	1,580,107
NEWTOWN	1,141	96	1,844,710
NORFOLK	84	15	78,725
NORTH BRANFORD	453	53	365,060
NORTH CANAAN	133	8	72,285
NORTH HAVEN	781	52	1,003,353
NORTH STONINGTON	254	19	218,349
NORWALK	3,026	154	6,413,443
NORWICH	1,442	132	866,540
OLD LYME	470	22	468,312
OLD SAYBROOK	596	42	773,137
ORANGE	467	41	884,563
OXFORD	531	39	640,763
PLAINFIELD	733	59	543,880
PLAINVILLE	734	47	408,652
PLYMOUTH	511	50	257,982
POMFRET	169	16	146,487
PORTLAND	347	30	268,868
PRESTON	213	15	126,135
PROSPECT	282	22	215,814
PUTNAM	347	40	262,915
REDDING	340	27	811,337
RIDGEFIELD	1,041	59	3,212,452
ROCKY HILL	666	33	832,770
ROXBURY	124	17	328,219
SALEM	267	9	192,864
SALISBURY	238	15	353,348
SCOTLAND	74	9	27,736
SEYMOUR	605	53	484,007
SHARON	196	16	190,545
SHELTON	1,342	121	2,032,131
SHERMAN	183	32	301,894
SIMSBURY	834	33	1,013,631
SOMERS	270	19	220,270

2003-04 REAL ESTATE CONVEYANCE TAX BY TOWN (cont.)

Municipality	Number of Conveyances		Tax Remitted
	Taxable	Exempt	
SOUTH WINDSOR	950	42	\$ 808,250
SOUTHBURY	973	81	1,117,349
SOUTHINGTON	1,510	125	1,196,304
SPRAGUE	109	8	55,135
STAFFORD	581	18	244,869
STAMFORD	3,921	215	9,644,840
STERLING	204	18	116,201
STONINGTON	876	44	1,064,044
STRATFORD	1,910	84	1,706,646
SUFFIELD	527	40	458,754
THOMASTON	279	12	169,378
THOMPSON	395	27	209,197
TOLLAND	539	49	525,335
TORRINGTON	1,583	95	962,636
TRUMBULL	1,101	49	1,901,801
UNION	47	0	27,699
VERNON	878	44	767,123
VOLUNTOWN	135	8	71,813
WALLINGFORD	1,410	112	1,520,666
WARREN	109	6	100,116
WASHINGTON	218	23	720,590
WATERBURY	3,964	366	2,383,815
WATERFORD	823	34	1,255,269
WATERTOWN	753	83	565,106
WEST HARTFORD	2,105	95	2,336,821
WEST HAVEN	1,715	144	1,144,005
WESTBROOK	600	38	390,667
WESTON	442	35	1,444,132
WESTPORT	1,170	100	5,788,358
WETHERSFIELD	891	56	829,790
WILLINGTON	186	11	110,402
WILTON	663	38	2,299,669
WINCHESTER	502	43	274,372
WINDHAM	602	49	304,836
WINDSOR	1,006	58	830,997
WINDSOR LOCKS	484	31	531,980
WOLCOTT	631	35	414,946
WOODBIDGE	346	39	523,468
WOODBURY	437	34	558,578
WOODSTOCK	381	36	232,808
TOTAL	126,916	8,956	\$ 166,365,422

2004-05 REAL ESTATE CONVEYANCE TAX BY TOWN

Municipality	Number of Conveyances		Tax Remitted
	Taxable	Exempt	
ANDOVER	110	7	\$ 106,560
ANSONIA	549	43	424,839
ASHFORD	162	8	102,519
AVON	776	76	1,727,412
BARKHAMSTED	136	5	97,380
BEACON FALLS	185	13	210,018
BERLIN	586	59	909,732
BETHANY	147	13	179,117
BETHEL	580	44	850,348
BETHLEHEM	120	9	119,563
BLOOMFIELD	715	56	1,112,350
BOLTON	145	12	148,141
BOZRAH	77	6	52,081
BRANFORD	1,126	109	1,604,139
BRIDGEPORT	4,414	361	3,823,777
BRIDGEWATER	66	7	114,631
BRISTOL	2,070	144	1,769,820
BROOKFIELD	621	58	1,341,537
BROOKLYN	275	19	206,460
BURLINGTON	246	18	291,127
CANAAN	54	9	57,705
CANTERBURY	207	16	141,830
CANTON	471	42	578,235
CHAPLIN	80	8	48,563
CHESHIRE	793	70	1,071,439
CHESTER	150	11	145,629
CLINTON	568	48	585,356
COLCHESTER	523	45	465,814
COLEBROOK	55	3	42,484
COLUMBIA	235	13	178,782
CORNWALL	107	6	81,853
COVENTRY	509	49	377,697
CROMWELL	563	28	552,595
DANBURY	2,599	250	4,737,922
DARIEN	714	53	5,757,848
DEEP RIVER	158	13	136,045
DERBY	451	26	383,973
DURHAM	223	28	222,671
EAST GRANBY	179	16	189,588
EAST HADDAM	433	32	385,442
EAST HAMPTON	573	44	533,764
EAST HARTFORD	1,473	81	1,200,895
EAST HAVEN	1,057	68	1,072,225

2004-05 REAL ESTATE CONVEYANCE TAX BY TOWN (cont.)

Municipality	Number of Conveyances		Tax Remitted
	Taxable	Exempt	
EAST LYME	691	47	\$ 1,063,196
EAST WINDSOR	473	40	503,475
EASTFORD	112	4	72,510
EASTON	221	31	583,743
ELLINGTON	523	48	483,888
ENFIELD	1,196	109	1,832,408
ESSEX	317	20	670,095
FAIRFIELD	1,907	169	5,701,432
FARMINGTON	1,026	60	2,381,648
FRANKLIN	68	5	42,544
GLASTONBURY	1,175	127	1,681,448
GOSHEN	205	23	323,539
GRANBY	431	35	520,602
GREENWICH	2,013	197	23,190,415
GRISWOLD	471	36	311,372
GROTON	1,085	70	1,195,558
GUILFORD	781	87	1,276,530
HADDAM	312	20	293,879
HAMDEN	1,686	102	1,893,437
HAMPTON	77	13	49,718
HARTFORD	2,555	239	3,852,241
HARTLAND	53	6	28,062
HARWINTON	218	19	179,267
HEBRON	310	34	307,607
KENT	180	13	290,678
KILLINGLY	726	47	656,877
KILLINGWORTH	201	31	263,154
LEBANON	330	16	243,893
LEDYARD	589	37	484,482
LISBON	167	6	108,468
LITCHFIELD	299	41	483,204
LYME	108	11	169,138
MADISON	616	61	1,277,400
MANCHESTER	1,804	113	2,131,649
MANSFIELD	520	34	493,214
MARLBOROUGH	233	18	266,311
MERIDEN	2,145	171	1,734,703
MIDDLEBURY	330	33	578,984
MIDDLEFIELD	122	12	104,151
MIDDLETOWN	1,435	114	1,521,691
MILFORD	1,784	161	2,832,807
MONROE	573	55	1,061,723
MONTVILLE	710	36	620,426

2004-05 REAL ESTATE CONVEYANCE TAX BY TOWN (cont.)

Municipality	Number of Conveyances		Tax Remitted
	Taxable	Exempt	
MORRIS	108	13	\$ 85,498
NAUGATUCK	1,170	49	865,855
NEW BRITAIN	1,946	163	1,281,842
NEW CANAAN	732	64	5,853,316
NEW FAIRFIELD	479	47	710,744
NEW HARTFORD	276	27	242,796
NEW HAVEN	3,247	335	2,847,670
NEW LONDON	821	48	1,233,861
NEW MILFORD	1,321	114	1,872,181
NEWINGTON	1,006	63	1,636,393
NEWTOWN	993	135	2,070,806
NORFOLK	69	11	87,432
NORTH BRANFORD	382	40	425,550
NORTH CANAAN	158	13	121,536
NORTH HAVEN	707	43	935,271
NORTH STONINGTON	249	24	237,601
NORWALK	2,881	185	7,171,382
NORWICH	1,537	132	1,157,588
OLD LYME	427	27	592,937
OLD SAYBROOK	540	40	1,061,012
ORANGE	378	34	1,011,163
OXFORD	656	47	968,565
PLAINFIELD	592	38	402,098
PLAINVILLE	594	41	454,778
PLYMOUTH	458	46	315,882
POMFRET	140	7	120,748
PORTLAND	407	29	383,824
PRESTON	254	14	154,278
PROSPECT	233	8	304,525
PUTNAM	377	30	272,093
REDDING	303	29	758,537
RIDGEFIELD	915	76	3,112,823
ROCKY HILL	637	44	748,280
ROXBURY	100	15	270,459
SALEM	188	16	164,422
SALISBURY	210	17	401,229
SCOTLAND	69	3	52,519
SEYMOUR	582	45	486,279
SHARON	171	11	322,137
SHELTON	1,237	111	2,016,101
SHERMAN	185	28	336,616
SIMSBURY	755	54	1,540,033
SOMERS	255	25	215,892

2004-05 REAL ESTATE CONVEYANCE TAX BY TOWN (cont.)

Municipality	Number of Conveyances		Tax Remitted
	Taxable	Exempt	
SOUTH WINDSOR	866	75	\$ 1,127,225
SOUTHBURY	954	83	1,193,030
SOUTHINGTON	1,464	122	1,688,667
SPRAGUE	121	13	74,608
STAFFORD	528	25	295,902
STAMFORD	3,805	236	9,523,879
STERLING	206	13	154,523
STONINGTON	775	42	1,506,556
STRATFORD	1,765	107	2,528,182
SUFFIELD	479	33	496,951
THOMASTON	272	24	206,310
THOMPSON	375	22	249,778
TOLLAND	446	45	517,716
TORRINGTON	1,434	87	1,403,720
TRUMBULL	1,012	72	2,353,664
UNION	37	1	29,315
VERNON	835	81	770,864
VOLUNTOWN	108	7	76,777
WALLINGFORD	1,417	142	1,591,641
WARREN	96	12	169,579
WASHINGTON	220	17	696,339
WATERBURY	4,348	314	3,175,331
WATERFORD	745	57	736,603
WATERTOWN	790	78	769,788
WEST HARTFORD	1,972	138	3,315,606
WEST HAVEN	1,691	94	1,568,237
WESTBROOK	574	46	741,779
WESTON	368	49	1,748,267
WESTPORT	1,025	121	7,440,659
WETHERSFIELD	825	60	824,551
WILLINGTON	154	31	123,478
WILTON	582	40	2,796,044
WINCHESTER	487	47	484,928
WINDHAM	728	48	531,940
WINDSOR	998	67	1,287,830
WINDSOR LOCKS	491	27	786,250
WOLCOTT	526	35	464,961
WOODBRIIDGE	253	33	500,760
WOODBURY	403	36	568,430
WOODSTOCK	385	27	323,194
UNKNOWN	595	70	866,187
TOTAL	119,959	9,595	\$198,916,074

TAX REFUNDS

The Department of Revenue Services issues refunds to taxpayers when an overpayment of tax liability has been made. The refund is charged to the fund to which such tax, penalty or interest was previously credited. Due to statutory allowances, refunds for Motor Fuel Taxes are allowed in certain cases involving fuel sold to a Connecticut motorbus company or a company engaged in livery service.

Refunds of the Personal Income Tax owed to any person or entity with a debt obligation to the state may be withheld to offset the outstanding debt. There were 1,048 offsets in Fiscal Year 2004-05, totaling \$970,104. Listed below are the refund amounts by tax type for Fiscal Years 2003-04 and 2004-05.

AMOUNT OF TAXES REFUNDED

TAX TYPE	FY 2003-04	FY 2004-05
Income Tax	\$517,803,898	\$537,085,725
Corporation Business	92,599,456	94,689,640
Corp. R&D Credit Buyback	10,378,127	8,850,106
Sales & Use Taxes	12,092,762	20,264,925
Individual Use Tax	544,999	469,733
Succession Tax	13,813,124	10,945,135
Motor Fuel	8,616,861	6,729,419
Petroleum Products	388,330	247,005
Real Estate Conveyance	87,833	245,333
Foreign Insurers	1,200,664	4,718,470
Cigarettes	2,848,669	581,824
Motor Carrier	1,422,291	1,675,081
CT Estate Tax	6,361,921	5,308,974
Domestic Insurers	626,181	1,103,375
Gift Tax	842,268	631,555
Tobacco Distributor	608,387	2,579
Unrelated Business Income	185,784	114,292
Controlling Interest	61,616	1,171,598
Room Occupancy	69,259	9,836
Unauthorized Insurers	911	6,027
Admissions & Dues	35,396	9,688
Occupational	41,588	30,584
Business Entity	191,707	817,675
Alcoholic Beverages	14,771	19,293
Community Antenna	333,770	571,216
Miscellaneous	940,882	1,315,306
Total	\$672,111,455	\$697,614,394

**COMPARATIVE SUMMARY OF RETAIL SALES AND
TAX RECEIPTS BY TOWN***
FISCAL YEARS ENDING JUNE 30, 2004 AND 2005
(IN THOUSANDS)

TOWN	Retail Sales FY 2003-04 NAICS 44-45	Retail Sales FY 2004-05 NAICS 44-45	Sales & Use Tax FY 2003-04 (All Businesses)	Sales & Use Tax FY 2004-05 (All Businesses)	SUT Collections % Change FY 04/FY 05
ANDOVER	\$ 3,735.4	\$ 2,703.2	\$ 401.7	\$ 411.1	2.33%
ANSONIA	87,584.0	84,222.1	5,273.1	4,809.5	-8.79%
ASHFORD	2,909.7	2,120.9	449.9	432.6	-3.85%
AVON	132,885.0	98,614.5	10,935.8	8,460.9	-22.63%
BARKHAMSTED	6,519.9	384.4	345.8	57.3	-83.43%
BEACON FALLS	5,492.8	5,851.4	440.8	528.6	19.90%
BERLIN	352,961.7	278,329.3	63,990.5	66,547.7	4.00%
BETHANY	5,231.2	3658.1	1,074.0	1,069.3	-0.44%
BETHEL	83,637.3	96,510.8	6,757.8	7,010.3	3.74%
BETHLEHEM	5,975.8	6,890.0	696.9	824.4	18.29%
BLOOMFIELD	233,754.9	225,498.7	14,375.4	13,683.1	-4.82%
BOLTON	12,573.8	14,305.8	1,842.4	1,745.9	-5.24%
BOZRAH	7,914.4	7,974.7	1,355.0	1,430.7	5.58%
BRANFORD	676,811.9	670,524.8	30,875.6	32,796.5	6.22%
BRIDGEPORT	858,154.8	1,382,787.5	56,773.4	56,372.6	-0.71%
BRIDGEWATER	5,973.3	6030.9	351.6	368.8	4.89%
BRISTOL	339,594.8	334,768.4	24,285.3	23,290.6	-4.10%
BROOKFIELD	420,044.8	335,684.8	18,173.5	17,197.9	-5.37%
BROOKLYN	26,466.4	22,592.3	1,572.8	1,526.8	-2.93%
BURLINGTON	5,505.2	6,868.4	968.0	1,071.7	10.72%
CANAAN	27,101.1	30,374.1	2,454.7	3,157.6	28.63%
CANTERBURY	6,959.7	6,967.1	902.3	1,038.4	15.08%
CANTON	130,625.3	146,229.4	9,248.2	10,167.7	9.94%
CHAPLIN	4,420.8	6,715.4	360.1	424.1	17.77%
CHESHIRE	295,558.0	397,629.8	16,012.0	17,748.1	10.84%
CHESTER	6,968.4	7,818.4	1,028.4	1,076.2	4.65%
CLINTON	111,116.8	112,050.3	8,032.5	8,347.5	3.92%
COLCHESTER	151,685.5	164,020.9	6,335.2	6,799.9	7.34%
COLEBROOK	713.8	645.1	59.7	37.9	-36.56%
COLUMBIA	48,466.2	51,931.69	3,145.4	3,329.6	5.86%
CORNWALL	10,687.7	3,813.3	1,074.5	334.1	-68.91%
COVENTRY	23,382.6	25,552.5	1,516.2	1,526.5	0.68%
CROMWELL	44,937.6	54,069.0	5,215.7	7,034.9	34.88%
DANBURY	1,780,058.0	1,760,205.8	107,173.2	121,867.2	13.71%
DARIEN	396,296.8	437,696.7	25,769.9	26,642.6	3.39%

* NOTE: Large retailers with more than one establishment usually report all of their sales and use taxes from their primary location; therefore, the figures for various towns may not reflect actual business activity.

**COMPARATIVE SUMMARY OF RETAIL SALES AND
TAX RECEIPTS BY TOWN***
FISCAL YEARS ENDING JUNE 30, 2004 AND 2005
(IN THOUSANDS)

TOWN	Retail Sales FY 2003-04 NAICS 44-45	Retail Sales FY 2004-05 NACIS 44-45	Sales & Use Tax FY 2003-04 (All Businesses)	Sales & Use Tax FY 2004-05 (All Businesses)	SUT Collections % Change FY 04/FY 05
DEEP RIVER	8,063.2	7,747.7	991.9	1,063.7	7.24%
DERBY	195,624.9	166,963.3	9,105.3	8,106.2	-10.97%
DURHAM	17,067.9	16,582.7	1,584.5	1,680.3	6.05%
EAST GRANBY	11,631.0	18,642.8	2,148.0	2,311.3	7.60%
EAST HADDAM	30,448.5	35,031.0	2,039.4	2,041.5	0.10%
EAST HAMPTON	24,079.2	26,106.3	1,872.5	1,987.6	6.15%
EAST HARTFORD	771,681.8	870,882.0	39,292.2	39,867.8	1.46%
EAST HAVEN	249,989.6	310,843.6	13,926.0	17,407.10	25.00%
EAST LYME	81,453.7	91,141.1	4,947.8	5,231.5	5.73%
EAST WINDSOR	97,094.3	128,425.1	7,658.9	8,122.8	6.06%
EASTFORD	8,540.9	11,169.2	531.4	546.2	2.79%
EASTON	5,615.2	5,072.5	890.2	843.9	-5.20%
ELLINGTON	92,129.6	95,122.3	5,372.3	5,212.9	-2.975%
ENFIELD	344,725.3	358,133.96	21,879.1	24,141.5	10.34%
ESSEX	55,995.3	60,559.1	3,948.5	4,015.3	1.69%
FAIRFIELD	590,594.4	663,602.8	43,750.4	52,482.6	19.96%
FARMINGTON	442,170.4	453,301.7	24,136.7	27,826.3	15.29%
FRANKLIN	19,047.8	26,964.5	2,175.7	2,625.3	20.66%
GLASTONBURY	237,168.6	248,373.1	17,735.5	18,149.0	2.33%
GOSHEN	4,182.7	4,324.8	436.9	527.3	20.69%
GRANBY	31,494.4	31,023.4	2,801.2	2,992.8	6.84%
GREENWICH	1,145,197.8	1,150,459.6	56,235.6	57,588.1	2.41%
GRISWOLD	21,614.3	26,981.7	1,395.8	1,665.4	19.32%
GROTON	228,335.4	214,009.3	21,397.9	18,806.4	-12.11%
GUILFORD	177,456.3	183,802.6	8,310.5	7,857.7	-5.45%
HADDAM	26,753.7	29,555.1	1,382.3	1,498.4	8.40%
HAMDEN	282,400.2	311,455.4	21,855.8	22,044.8	0.86%
HAMPTON	798.0	274.1	117.6	119.7	1.76%
HARTFORD	1,117,028.9	1,004,941.6	114,451.5	107,053.1	-6.46%
HARTLAND	276.4	248.1	99.8	123.7	23.95%
HARWINTON	6,012.88	5,563.6	832.3	844.4	1.45%
HEBRON	22,829.3	24,568.6	1,144.2	1,292.6	12.97%
KENT	31,970.3	28,660.7	1,982.6	1,976.6	-0.30%
KILLINGLY	99,680.4	129,838.6	5,853.3	6,861.0	17.22%
KILLINGWORTH	13,623.3	7,705.7	957.8	1,017.8	6.23%

* NOTE: Large retailers with more than one establishment usually report all of their sales and use taxes from their primary location; therefore, the figures for various towns may not reflect actual business activity.

**COMPARATIVE SUMMARY OF RETAIL SALES AND
TAX RECEIPTS BY TOWN***
FISCAL YEARS ENDING JUNE 30, 2004 AND 2005
(IN THOUSANDS)

TOWN	Retail Sales FY 2003-04 NACIS 44-45	Retail Sales FY 2004-05 NACIS 44-45	Sales & Use Tax FY 2003-04 (All Businesses)	Sales & Use Tax FY 2004-05 (All Businesses)	SUT Collections % Change FY 04/FY 05
LEBANON	7,694.1	8,225.9	614.2	700.6	14.06%
LEDYARD	30,428.4	31,869.2	4,124.2	4,373.1	6.04%
LISBON	24,020.8	14,256.3	1,382.1	1,623.1	17.44%
LITCHFIELD	90,485.0	92,817.6	5,451.2	5,251.0	-3.67%
LYME	4,465.8	1,042.7	261.6	78.6	-69.95%
MADISON	114,116.3	118,676.4	8,504.8	8,364.1	-1.65%
MANCHESTER	2,279,941.0	2,754,606.8	103,181.2	127,173.2	23.25%
MANSFIELD	67,699.7	67,289.9	2,997.1	3,055.5	1.95%
MARLBOROUGH	17,399.9	16,859.2	1,252.7	1,180.7	-5.75%
MERIDEN	375,399.4	342,607.14	24,452.8	24,445.8	-0.03%
MIDDLEBURY	62,761.5	64,354.6	4,129.8	4,345.1	5.21%
MIDDLEFIELD	11,418.0	11,432.9	1,362.3	1,415.1	3.88%
MIDDLETOWN	389,651.9	305,238.1	26,978.6	24,746.0	-8.28%
MILFORD	621,393.7	679,600.3	43,181.4	45,097.6	4.44%
MONROE	131,426.2	146,937.0	11,480.1	13,077.8	13.92%
MONTVILLE	65,266.8	70,713.7	5,020.91	5,804.2	15.60%
MORRIS	2,648.8	2,142.7	415.4	335.0	-19.36%
NAUGATUCK	93,825.8	92,680.06	6,834.5	7,244.4	6.00%
NEW BRITAIN	322,912.9	290,322.4	24,217.8	21,473.3	-11.33%
NEW CANAAN	175,533.8	183,126.9	10,752.9	10,758.2	0.05%
NEW FAIRFIELD	58,012.8	93,861.1	3,452.5	5,952.6	72.41%
NEW HARTFORD	23,414.3	24,084.8	1,518.7	1,937.9	27.61%
NEW HAVEN	708,753.9	821,147.0	119,720.7	123,993.0	3.57%
NEW LONDON	356,652.0	343,755.9	20,787.8	18,775.6	-9.68%
NEW MILFORD	202,146.7	210,615.5	13,514.5	13,786.4	2.01%
NEWINGTON	203,446.5	178,339.1	22,681.5	27,144.6	19.68%
NEWTOWN	100,259.6	100,844.7	6,861.0	6,776.4	-1.23%
NORFOLK	2,366.5	1,807.7	404.5	396.4	-2.00%
NORTH BRANFORD	49,755.6	52,866.7	4,757.3	5,042.9	6.00%
NORTH CANAAN	6,317.8	594.5	741.2	122.8	-83.43%
NORTH HAVEN	1,259,321.1	1,518,129.1	77,664.2	92,401.4	18.98%
NORTH STONINGTON	14,215.2	18,256.9	967.0	1,220.0	26.17%
NORWALK	1,215,776.0	1,604,245.8	91,136.7	103,174.6	13.21%
NORWICH	367,303.8	314,342.1	21,395.3	20,670.0	-3.39%
OLD LYME	33,084.1	33,674.2	2,820.0	2,997.6	6.30%

* NOTE: Large retailers with more than one establishment usually report all of their sales and use taxes from their primary location; therefore, the figures for various towns may not reflect actual business activity.

**COMPARATIVE SUMMARY OF RETAIL SALES AND
TAX RECEIPTS BY TOWN***
FISCAL YEARS ENDING JUNE 30, 2004 AND 2005
(IN THOUSANDS)

TOWN	Retail Sales FY 2003-04 NAICS 44-45	Retail Sales FY 2004-05 NACIS 44-45	Sales & Use Tax FY 2003-04 (All Businesses)	Sales & Use Tax FY 2004-04 (All Businesses)	SUT Collections % Change FY 04/FY 05
OLD SAYBROOK	196,426.0	240,016.1	12,299.9	13,076.9	6.32%
ORANGE	143,969.5	161,835.4	18,501.0	25,670.5	38.75%
OXFORD	31,513.2	40,137.5	3,050.7	3,602.1	18.08%
PLAINFIELD	98,503.7	113,846.0	5,202.3	5,686.3	9.30%
PLAINVILLE	160,745.0	130,759.0	15,188.0	13,467.5	-11.33%
PLYMOUTH	52,198.2	56,363.6	3,352.1	3,550.3	5.92%
POMFRET	11,391.1	33,757.6	816.9	811.4	-.67%
PORTLAND	95,697.3	94,441.6	4,024.4	3,718.4	-7.60%
PRESTON	21,007.2	16,484.3	990.5	1,084.4	9.48%
PROSPECT	30,836.3	36,316.5	2,158.4	2,175.5	0.79%
PUTNAM	96,013.1	98,740.3	5,885.6	6,186.8	5.12%
REDDING	14,662.4	15,123.4	1,497.7	1,673.1	11.71%
RIDGEFIELD	195,745.5	196,910.4	15,806.8	15,781.8	-0.16%
ROCKY HILL	86,917.2	87,536.0	12,067.7	12,418.0	2.90%
ROXBURY	3,905.6	2,004.2	426.8	357.6	-16.23%
SALEM	10,364.7	12,438.8	933.0	991.1	6.22%
SALISBURY	24,402.2	18,937.9	2,009.8	1,942.19	-3.37%
SCOTLAND	1,023.8	569.2	87.7	73.2	-16.57%
SEYMOUR	73,813.3	72,155.7	5,972.2	5,511.2	-7.72%
SHARON	9,672.9	9,331.3	816.9	820.4	0.43%
SHELTON	253,218.3	273,546.5	20,760.6	20,031.2	-3.51%
SHERMAN	4,559.8	4,541.2	468.9	495.7	5.7%
SIMSBURY	162,498.2	171,801.8	12,178.0	12,271.7	0.77%
SOMERS	28,214.0	30,714.4	1,449.7	1,477.6	1.93%
SOUTH WINDSOR	187,349.4	190,857.0	17,811.1	19,295.1	8.33%
SOUTHBURY	70,683.00	73,866.1	11,645.9	17,422.6	49.60%
SOUTHINGTON	219,401.8	198,422.8	16,080.7	18,940.6	17.78%
SPRAGUE	4,925.5	1,370.8	503.2	306.8	-39.02%
STAFFORD	108,289.8	120,587.0	8,130.1	9,232.0	13.55%
STAMFORD	1,117,726.0	1,207,211.9	101,783.5	112,837.5	10.86%
STERLING	1,979.4	1,802.4	182.7	174.4	-4.56%
STONINGTON	159,084.0	191,900.9	11,818.9	14,268.2	20.72%
STRATFORD	384,670.4	406,793.8	31,152.4	35,296.5	13.30%
SUFFIELD	47,725.8	55,749.6	4,412.3	4,365.1	-1.07%
THOMASTON	35,610.2	29,304.4	4,030.7	4,079.0	1.20%

* NOTE: Large retailers with more than one establishment usually report all of their sales and use taxes from their primary location; therefore, the figures for various towns may not reflect actual business activity.

**COMPARATIVE SUMMARY OF RETAIL SALES AND
TAX RECEIPTS BY TOWN***
FISCAL YEARS ENDING JUNE 30, 2004 AND 2005
(IN THOUSANDS)

TOWN	Retail Sales FY 2003-04 NACIS 44-45	Retail Sales FY 2004-05 NACIS 44-45	Sales & Use Tax FY 2003-04 (All Businesses)	Sales & Use Tax FY 2004-05 (All Businesses)	SUT Collections % Change FY 04/FY 05
THOMPSON	7,160.4	8,006.3	2,011.5	1,076.7	-46.47%
TOLLAND	31,843.0	33,099.7	2,595.1	2,786.6	7.38%
TORRINGTON	443,544.6	564,183.7	25,322.0	28,819.0	13.81%
TRUMBULL	126,461.8	124,298.81	10,254.1	10,450.5	1.92%
UNION	11,272.0	10,093.6	472.2	414.4	-12.25%
VERNON	235,822.6	245,984.2	15,552.7	16,257.0	4.53%
VOLUNTOWN	4,625.2	4,665.0	292.3	296.0	1.28%
WALLINGFORD	436,779.4	467,789.4	33,337.3	35,534.8	6.59%
WARREN	9,522.6	20,289.0	659.1	1,218.6	84.88%
WASHINGTON	25,340.0	24,657.0	2,242.0	2,386.5	6.44%
WATERBURY	720,329.1	836,239.6	42,428.4	46,470.9	9.53%
WATERFORD	419,049.0	703,018.6	20,603.8	28,138.6	36.57%
WATERTOWN	338,739.9	413,678.7	16,787.9	18,118.6	7.93%
WEST HARTFORD	450,288.6	388,751.9	35,323.0	34,664.7	-1.86%
WEST HAVEN	299,609.7	275,201.1	20,108.0	16,400.4	-18.44%
WESTBROOK	70,098.7	87,294.8	6,638.3	7,646.9	15.19%
WESTON	15,427.8	17,375.0	1,336.0	1,297.8	-2.86%
WESTPORT	887,952.1	837,753.4	39,107.7	40,808.7	4.35%
WETHERSFIELD	95,756.0	135,748.8	10,585.8	8,180.6	-22.72%
WILLINGTON	8,429.6	8,003.6	1,715.0	1,833.7	6.92%
WILTON	271,276.6	295,219.8	17,392.2	19,676.1	13.13%
WINCHESTER	52,683.0	52,282.7	3,588.8	3,672.4	2.33%
WINDHAM	158,729.8	171,543.1	9,577.6	10,539.6	10.04%
WINDSOR	147,478.6	201,880.7	11,890.6	12,556.8	5.60%
WINDSOR LOCKS	59,343.2	77,156.2	10,480.3	13,043.7	24.46%
WOLCOTT	32,037.1	32,533.4	4,051.5	5,167.2	27.54%
WOODBIDGE	43,797.6	57,834.6	3,825.1	3,839.7	0.38%
WOODBURY	79,063.4	88,323.2	5,625.1	5,783.5	2.82%
WOODSTOCK	36,130.9	28,613.5	2,337.8	2,024.9	-13.38%
OUT OF STATE	9,454,511.6	8,334,946.1	724,942.6	689,736.7	-4.86%
TOTAL	\$41,412,644.2	\$43,094,123.6	\$2,982,180.0	\$3,097,969.9	3.89%

** NOTE: Large retailers with more than one establishment usually report all of their sales and use taxes from their primary location; therefore, the figures for various towns may not reflect actual business activity.*

NATIONWIDE COMPARISON OF TAX RATES

STATE	CORPORATION TAX RATES (%)	SALES AND USE TAX RATES (%)	MOTOR FUEL TAX RATES (¢ PER GAL)	CIGARETTE TAX RATE (¢ PER GAL)
Alabama	6.5	4.0	18.0	42.5
Alaska	9.4	None	8.0	160.0
Arizona	6.968	5.6	18.0	118.0
Arkansas	6.5	6.0	21.5	59.0
California	8.84	7.25	18.0	87.0
Colorado	4.63	2.9	22.0	84.0
Connecticut	7.5	6.0	25.0	151.0
Delaware	8.7	None	23.0	55.0
Florida	5.5	6.0	14.9	33.9
Georgia	6.0	4.0	15.3	37.0
Hawaii	6.4	4.0	16.0	140.0
Idaho	7.6	5.0	25.0	57.0
Illinois	7.3	6.25	20.1	98.0
Indiana	8.5	6.0	18.0	55.5
Iowa	12.0	5.0	20.7	36.0
Kansas	4.0	5.3	24.0	79.0
Kentucky	7.0	6.0	18.5	30.0
Louisiana	8.0	4.0	20.0	36.0
Maine	8.93	5.0	25.9	200.0
Maryland	7.0	5.0	23.5	100.0
Massachusetts	9.5	5.0	21.0	151.0
Michigan	2.0	6.0	19.0	200.0
Minnesota	9.8	6.5	20.0	123.0
Mississippi	5.0	7.0	18.4	18.0
Missouri	6.25	4.225	17.55	17.0
Montana	6.75	None	27.0	170.0
Nebraska	7.81	5.5	27.0	64.0
Nevada	None	6.5	27.0	80.0
New Hampshire	8.5	None	19.625	80.0
New Jersey	9.0	6.0	14.50	240.0
New Mexico	7.6	5.0	18.9	91.0
New York	7.5	4.0	23.9	150.0
North Carolina	6.9	4.5	30.15	30.0
North Dakota	7.0	5.0	23.0	44.0
Ohio	8.5	5.5	28.0	125.0
Oklahoma	6.0	4.5	17.0	103.0
Oregon	6.6	None	24.0	118.0
Pennsylvania	9.99	6.0	31.2	135.0
Rhode Island	9.0	7.0	31.0	246.0
South Carolina	5.0	5.0	16.0	7.0
South Dakota	None	4.0	22.0	53.0
Tennessee	6.5	7.0	21.4	20.0
Texas	4.5	6.25	20.0	41.0
Utah	5.0	4.75	24.5	69.5
Vermont	9.75	6.0	20.0	119.0
Virginia	6.0	5.0	17.5	30.0
Washington	None	6.5	31.0	202.5
West Virginia	9.0	6.0	27.0	55.0
Wisconsin	7.9	5.0	32.9	77.0
Wyoming	None	4.0	14.0	60.0

**2003-04 & 2004-05 ANNUAL REPORT
DEPARTMENT OF REVENUE SERVICES
25 SIGOURNEY STREET
HARTFORD, CONNECTICUT 06106
*WWW.CT.GOV/DRS***

**PREPARED BY: RESEARCH UNIT
Susan B. Sherman
Ernest Adamo
Dianna J. Aniello
Michael J. Galliher**